

極度乾燥(しなさい)
**Super
Dry®**



Half Year Results

26 Weeks Ended 28 October 2017

Agenda

Strategic Progress
Overview & Current
Trading Update

Financial Results

Strategic Progress

Q&A

Euan Sutherland, CEO

Nick Wharton, CFO

Euan Sutherland, CEO

Strategic Progress

Global Digital Brand strategy focused on key value drivers

Global Digital Brand

- Global Brand revenue increased by 25% yr. on yr.
- Strong results continue from digital marketing campaigns
- *Superdry Sport*: Range development & Invictus

World Market Opportunity

- Market leading Ecommerce delivery offer launched in EU
- North America and China continue in disciplined roll-out
- 50 additional *Superdry* branded stores, 605 global stores

Relentless Innovation

- Premium down range extends jacket category ownership
- Next Generation format delivering 8-10% sales premium
- Use of technology across business accelerating

Operational Excellence

- Multi-channel capability introduced to EU DC
- Inventory efficiency programme on track
- Asian buying office established to drive direct sourcing

**Strategic progress underpinned by introduction of innovative
Founder Share Plan and shared values for all colleagues**

Performance Overview



Global Digital Brand strategy delivers strong revenue, profit and dividend growth

First Half Year: Financials

- Brand revenue **+25%**,
- Statutory revenue **+20.4%** and underlying PBT **+20.5%**
- Further global diversification; strong performance in capital light channels Ecommerce & Wholesale
- Interim dividend **9.3p**, increased by **19%**

Current Trading: 10 weeks to 6 January 2018

- Total revenue growth of **12.6%** (FY17: **+20.6%**)
- Continued strong performance in key channels: Wholesale **+20.4%**, Ecommerce **+30.5%**
- Group retail like for like **+4.7%** (FY17: **+14.9%**)
- FY18 underlying profit is expected to be in line with the range of market expectations¹

1. FY17 underlying profit before tax consensus at 5th January 2018: £98.9m with a range of £97.7m to £100.6m

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Financial Performance

Nick Wharton

1H18 Financial Overview



Strong start to FY18 across our key financial metrics

	1H18	1H17	Growth
Sales (£m)	402.0	334.0	20.4%
Gross margin	57.1%	58.8%	(170)bps
Costs (£m)	(208.2)	(178.8)	16.4%
Underlying operating margin	6.7%	6.6%	10bps
Group underlying profit before tax (£m)	25.3	21.0	20.5%
Core ¹ underlying profit before tax (£m)	30.8	26.2	17.6%
Underlying basic EPS (p)	25.8	21.0	22.9%
Dividend per share ² (p)	9.3	7.8	19.2%
Net cash (£m)	33.8	40.4	(16.3)%

1. Excluding DC migration costs and development market initial trading losses

2. In line with dividend policy, calculated as approximately one-third of FY17 total dividend

1H18 Sales Analysis

Sales momentum across all channels



Brand	+25.2%		
Group	+20.4%		
Route to Consumer	Stores ¹ +7.6%	Ecom ¹ +31.6%	Wholesale +34.1%
Key Drivers	LFL sales +6.3%	68,000 sq.ft. added	37 franchise & licensee stores +11%

Quarterly Profile – Retail LFL			
%	Q1	Q2	H1
FY18	9.3	3.7	6.3
FY17	11.9	13.7	12.8

Foreign Exchange

- Currency contributed c.£11.7m to sales growth
- Benefit concentrated in first quarter

Wholesale

- Strong performance with expanding customer base
- Existing customer growth driven by:
 - Increased in-season sales
 - Range extensions, incl. Sport
- 37 additional franchise and licensee stores

Ecommerce

- Sector leading growth trajectory maintained
- EU fulfilment launched:
 - Increases available inventory
 - Market leading delivery offer introduced
- Continual improvement drives customer experience:
 - 700 site enhancements in last year

Owned Stores

- 15.4% average space increase
- 1,122k sq.ft. total closing space (EU: 441k sq.ft.)

All revenue measures reflects actual FX
1. Total retail revenue growth of 12.8%

Gross Margin

Dilution from strong Wholesale performance and announced inventory re-basing

Channel Mix

- Dilution from Wholesale participation

Rate Impact

Intake Margin

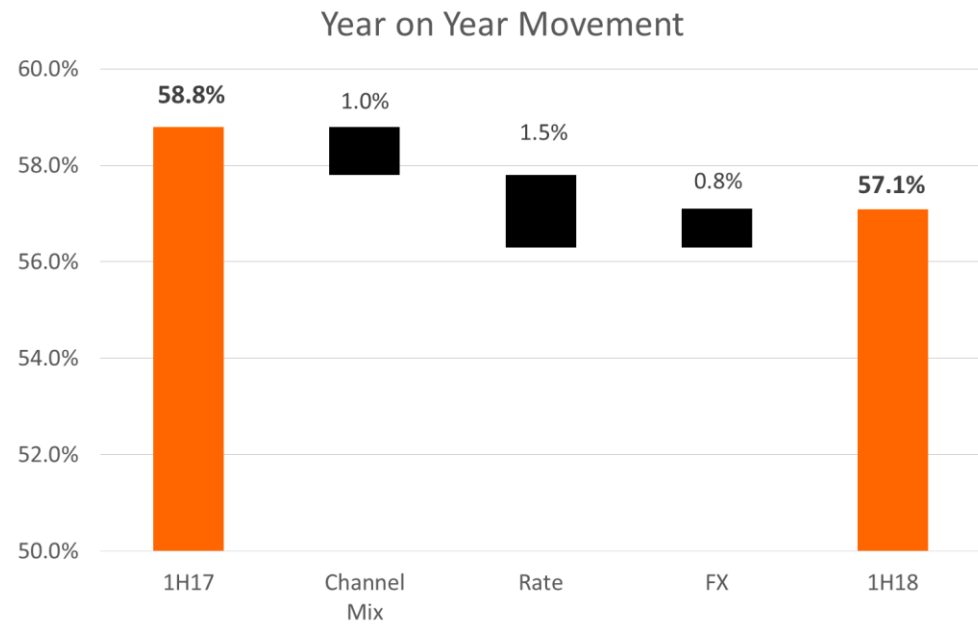
- Benefit from buying scale & direct sourcing

Promotional Investment

- Investment in inventory rebase in low revenue half
- Prior year promotional trials not repeated

Foreign exchange

- Revenue led currency impact +80bps
- Currency inflation not passed on to consumers



Sales & Distribution Costs

Cost efficiency funds brand marketing investment

Foreign exchange

- Currency impact on EU / USA cost base

Owned Store costs (+14.5%¹ Yr. on Yr.)

- 15% increase in space with higher EU operating costs
- Payroll: Inflation offset by productivity programme

Distribution costs (+25.2%¹ Yr. on Yr.)

- Mix impact from higher Ecommerce cost to serve
- New Distribution Centres:
 - Surplus capacity and efficiency curve
 - Offset by replenishment / recall efficiencies

Marketing (+19.5%¹ Yr. on Yr.)

- Increased digital marketing investment

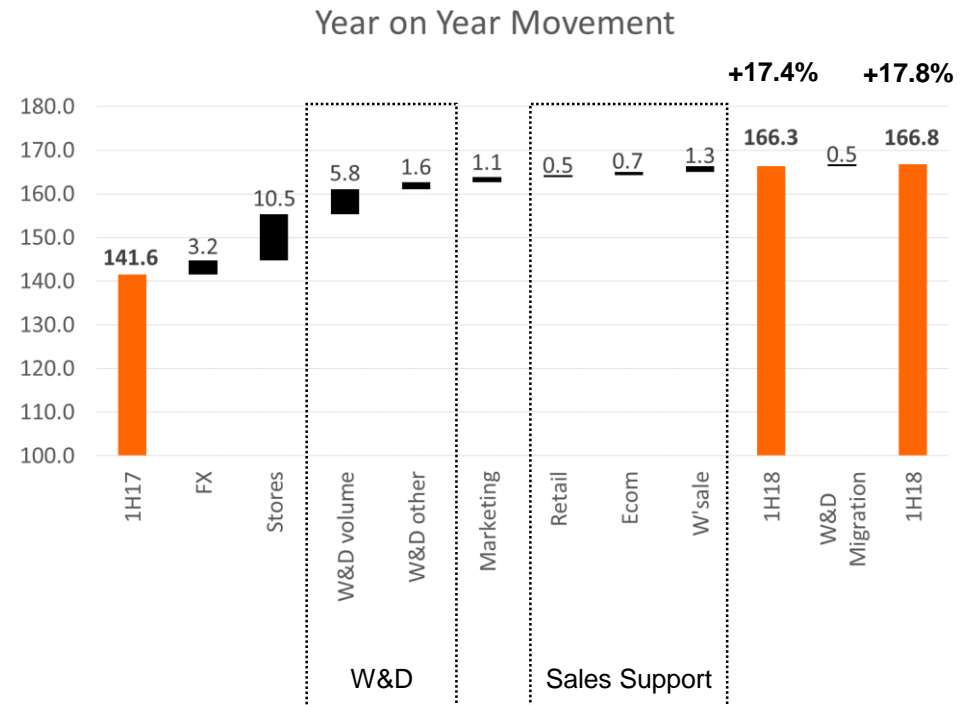
Sales Support (+22.0%¹ Yr. on Yr.)

Wholesale:

- Expanded Salesforce & Sales Events

Ecommerce:

- Primarily variable cost model (e.g. Hosting)
- Ongoing customer experience investments



1. Percentage increases stated at moving FX and exclude DC migration costs

Central Costs*

Past investments now being leveraged

Central cost investment

- Total costs increased by 17%
- Leverage from LFL growth & past investments

Infrastructure led depreciation

- **FY18:** Order Management System, Multi-warehouse capability (Total Capex c. £8m)
- **FY17:** Multi-warehouse capability, UK DC improvement, website upgrades (Total Capex c.£9m)

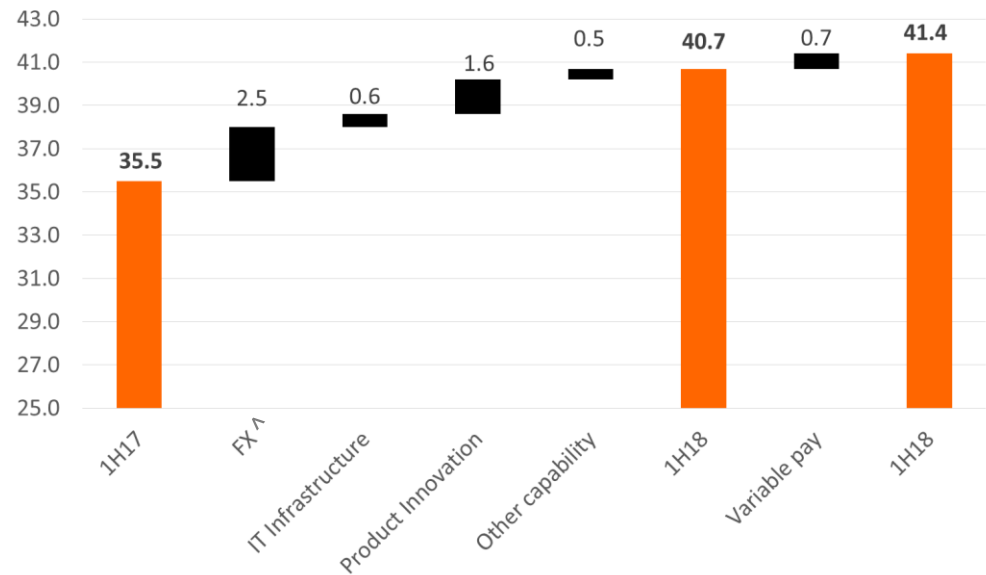
Global capability further strengthened

- Product innovation
 - Design (Incl. SuperDesignLab)
 - Local Sourcing offices, merchandising

Variable pay

- Employment scale impact at normalised incentive levels
- Higher IFRS2 charge for long term incentives

Year on Year Movements



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

^ FX impact includes realised losses on historic derivatives

PBT Margin Bridge

Efficiency led margin enhancement offset by development market investment & FX

Underlying “core” margin

- 40bps accretion in core business from channel mix and efficiency

Operating margin drivers

- Core:** Channel Mix & Cost Efficiency
 - Mix benefit to Wholesale
 - Cost leverage across majority of spend categories
 - Higher distribution cost to serve (EU stores and Ecommerce)
- Group:** Developing Market Investment
 - Increased investment in US operation
 - Central resource (Wholesale & Retail)
 - Q2 Concentration of store pre-opening costs

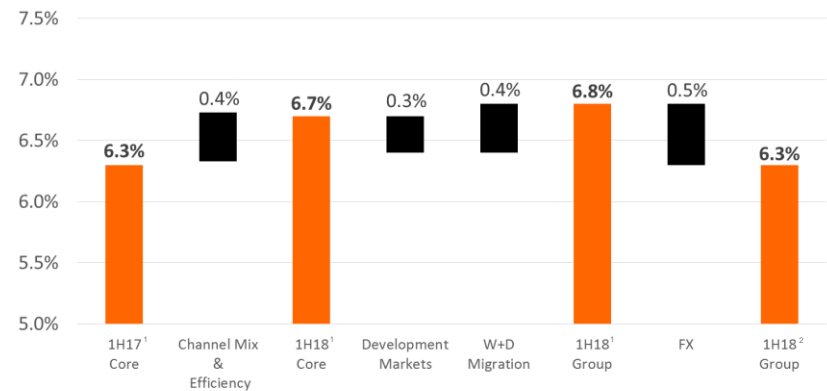
Foreign exchange

- 50bps currency drag at PBT level

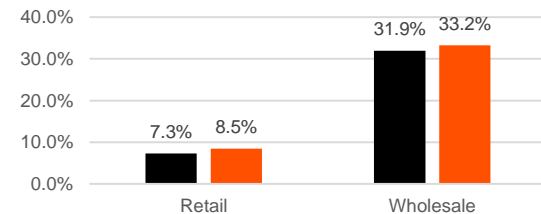
Channel Operating Margins

- Retail**
 - Input inflation not passed on to consumers
 - Inventory re-base impact on gross margin
 - US: Increased store pre-opening investment
- Wholesale**
 - Inventory re-base impact on gross margin
 - Gross margin investment to support new territory growth

Year on Year Movement



Channel: Operating Margins



* Exc DC Migration ■ 1H18 ■ 1H17

1. Group performance stated at constant FX
2. Group performance stated at moving FX

Cash Flow



Working capital movement drives net cash generation improvement

	1H18 £m	1H17 £m
Cash generated from operations	44.2	36.8
Working capital movement	(24.8)	(35.4)
Interest (paid)/received	(0.1)	0.2
Income taxes paid	(11.9)	(9.9)
Underlying cash generation	7.4	(8.3)
Purchase of intangibles and property, plant, equipment	(26.8)	(25.8)
Dividend payments, net of issued share capital	(16.3)	(30.1)
Disposal of investment	2.2	-
Investment in JV	(3.2)	-
Net increase/(decrease) in cash	(36.7)	(64.2)
Exchange rate movements	5.1	3.9
Opening net cash	65.4	100.7
Closing net cash	33.8	40.4

Working Capital

Inventory re-base on track, working capital primarily impacted by inventory timing

Inventories

Constant currency growth in line with sales

- Inventory re-base on track
- c.5% impact from FX and inflation
- New store injection
- Greater proportion of AW17 ranges delivered into H1 (+ 14% pts yr. on yr.)

Trade payables

- Earlier receipt of AW17 to optimise early season sales
- Improved payment practices
 - Prompter payment to terms
 - Settlement discount opportunity

Trade receivables

- Increase reflects wholesale sales growth (+34%)
- On-going improvement in debtor days

	1H18 £m	1H17 £m	Change %
Inventories	200.0	160.5	24.6%
Trade & similar payables	(151.5)	(124.2)	(22.0)%
Trade & similar receivables	128.0	95.9	33.5%
Working capital investment	176.5	132.2	33.5%

Capital Investment

New store programme targets improved financial returns

Owned Store Portfolio

- Attractive returns on investment
- Payback target reduced to 24 months¹
- Lease Flexibility:
 - Maximum five year commitment
 - Variable rent component
- Next Generation format introduced to 11 stores

Infrastructure investment

- Multi-channel capability in US/EU warehouses
- UK DC: increased capacity
- New order management system
- USA till conversion to global solution

Other

- Continued investment to support business growth
 - Head Office enhancements and capacity
 - Superdesign Lab extension
 - Trademark capitalisation

	1H18 £m	1H17 £m
Owned Store Portfolio		
New stores	12.6	14.9
Next Generation/Other refits	7.3	4.9
Franchise contribution	1.2	1.6
Total store portfolio	21.1	21.4
Infrastructure		
IT (incl. software dev)	4.7	5.2
Warehousing & Distribution	1.6	3.2
Other	1.8	1.0
Total infrastructure	8.1	9.4
Total	29.2	30.8
Capital creditor	(2.4)	(5.0)
Per cash flow	26.8	25.8

1. Previous payback target <30 months

FY18 Guidance



Full year profit in line with range of market expectations*

Unchanged	
Underlying profit before tax	<ul style="list-style-type: none"> In line with analyst expectations*
Gross margin	<ul style="list-style-type: none"> Broadly flat channel margins Up to 100bps investment to rebase inventory
Selling & distribution costs	<ul style="list-style-type: none"> Efficiencies to offset inventory rebase <ul style="list-style-type: none"> - Growth in higher cost to serve channels
Central costs	<ul style="list-style-type: none"> Efficiencies to offset inventory rebase <ul style="list-style-type: none"> - Continued capability investment
Working Capital	<ul style="list-style-type: none"> Grow slower than revenue <ul style="list-style-type: none"> - Limited absolute growth in inventory - Improved payment practices
Development Markets	<ul style="list-style-type: none"> US: Profit progress continues China: Similar losses to FY17
Store Growth Owned Stores	<ul style="list-style-type: none"> EU c. 75,000 sq.ft. USA c. 50,000 sq.ft.

Updated	
Store Growth Franchise Stores	<ul style="list-style-type: none"> 70 Stores
Capital Investment	<ul style="list-style-type: none"> £55m-£65m investment <ul style="list-style-type: none"> - New store investment discipline
Underlying Effective tax rate	<ul style="list-style-type: none"> FY18: c. 21.0%

* FY17 underlying profit before tax consensus at 5th January 2018: £98.9m with a range of £97.7m to £100.6m

Financial Summary

Strong start to FY18 across our key financial metrics

- **Strong first half:**
 - **20.4%** revenue growth, delivered across all channels
 - **20.5%** underlying profit growth
 - **17.6%** core business profit growth
- **Gross margin reflects wholesale strength and planned inventory re-base**
- **Operating efficiency delivered across key cost areas**
- **Operating margin accretion in core business**
- **Good net cash generation funds ongoing investment & progressive dividend**

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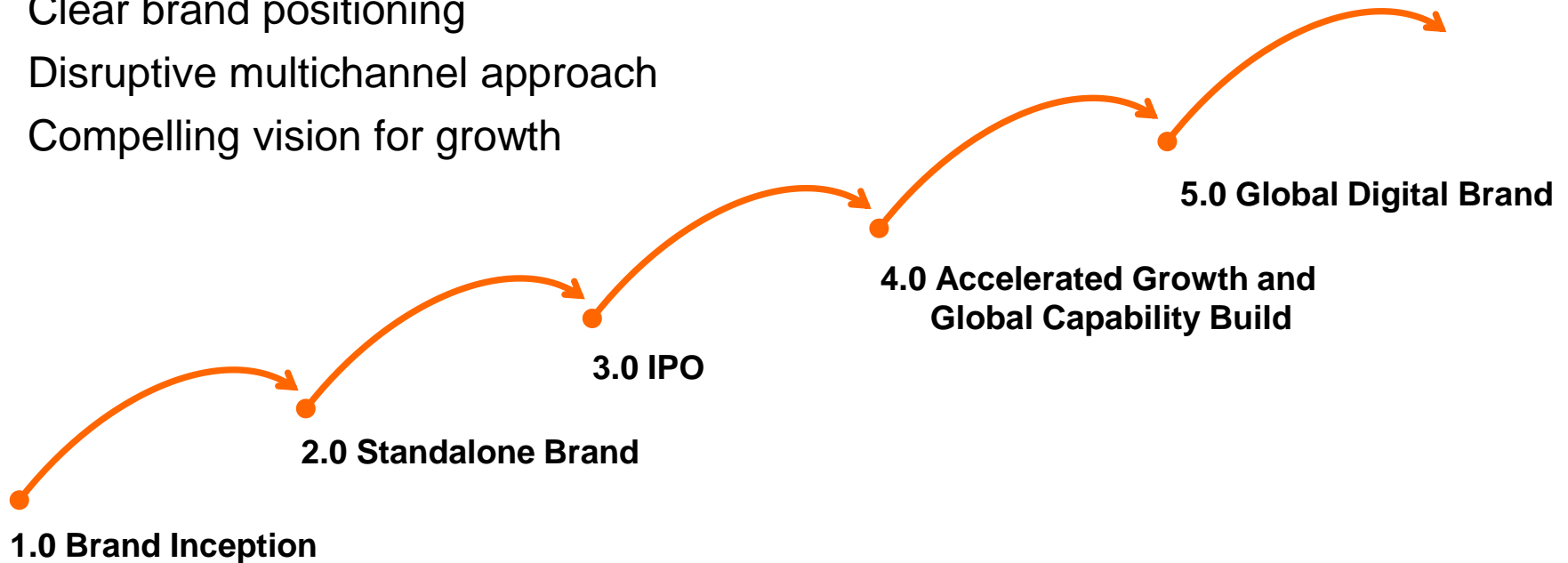


Strategic Progress

Euan Sutherland

5.0 Global Digital Brand

- A transformed business
- Diversified and uniquely advantaged
- Strong and consistent 3 year delivery
- Unique product DNA
- Clear brand positioning
- Disruptive multichannel approach
- Compelling vision for growth



5.0 Strategic Framework

Why we exist

PURPOSE

“To help people feel amazing”
“We create the clothes,
you create the stories”

What we want to achieve

VISION

Every wardrobe in the world has
an item of *Superdry* inside
Long term sector leading
earnings growth

How we exist

VALUES

Fun, Creativation,
Quality, Individuality,
Family, Passion

How we achieve it

STRATEGY

Global Digital Brand
Relentless Innovation
World Market Opportunity
Operational Excellence

5.0 Superdry Brand Drivers

Unique product DNA drives consumer engagement

Consistent Quality

- Passionate about quality that can last a lifetime
- Overt quality guarantee
- Pride in every product we make
- Tested and benchmarked against the market leader

Unique Design

- Unique construction and hidden details
- Meets the needs of multiple life-stages
- Innovation – unique, fast moving & ever evolving

Value For Money

- Brand benefits at a price accessible to all
- Broad price architecture – good, better, best
- Low promotional participation re-enforces value credentials

Global Digital Brand



Building digital as our core capability

2017	2018 Priority
<ul style="list-style-type: none">▪ Globally recognised brand with clear purpose▪ Loyal consumers with consistent brand perceptions▪ Exciting digital strategy delivering superior returns	<p>Digital & Digitised</p> <p>Build consumer data and understanding, loyalty & automation programmes accelerated</p>

Global Digital Brand

Building digital as our core capability

- ✓ Change to *Superdry* identity marks significant change
- ✓ Digital mind-set across all functions, markets and channels
- ✓ Consistent brand experience by market & by channel maximises local opportunities
- ✓ Ecommerce global proposition innovation continues
- ✓ Technology development accelerating
 - Red Shift implementation gives “Big Data” capability
 - Distribution centre automation in development
 - RFID and mobile POS in trial
 - Wholesale automation - customer returns portal
- ✓ Content and influencer led digital marketing grows globally
 - >500m social media impressions to date
 - >20m video views

Global Digital Brand

SUPERDRYSOUNDS: Music at the heart of the brand

- *Superdry* consumers are passionate about music
- Experiential and digitally led Summer campaign
- Promotes new and emerging talent with strong influencer following

GLOBAL ARTIST
PROGRAMME



GLOBAL FESTIVAL PROGRAMME



INSTORE GIGS



World Market Opportunity



Eight channel capability provides unique advantage

2017	2018 Priority
<ul style="list-style-type: none">▪ <i>Superdry</i> present in 148 countries▪ Significant digital and physical growth opportunity▪ Established capability in eight channels to consumer	<p>Diversify Further</p> <p>Drive international & channel expansion, adapted & localised to maximise returns</p>

World Market Opportunity



Eight channel capability provides unique advantage

- ✓ Unique capability in eight channels to consumer
- ✓ Significant markets remain untapped
 - Sequenced development opportunities (USA, China, CIS)
 - Key markets to grow on-line by **15%** CAGR to 2021
 - Additional Ecommerce channels
- ✓ Attractive economics
 - Wholesale & Ecommerce: Flexible & capital light
 - Owned store payback: Compelling & improving

Relentless Innovation



Innovation continues to drive sales across the business

2017	2018 Priority
<ul style="list-style-type: none">▪ Innovation at the heart of <i>Superdry</i>▪ Constant product innovation▪ Bespoke approach to developing each market	<p>Product offer development</p> <p>Consumer insight led innovation targets all consumer life-stages & needs</p>

Relentless Innovation

Innovation continues to drive sales across the business

- ✓ Unique product DNA
 - 5,000 new styles each year
 - Core category ownership – Jackets, Sweats & Tees
- ✓ Innovation mind-set and disruptive thinking
 - Superdesign Lab working with core design
 - Frictionless multi-channel approach
- ✓ *SuperdrySport* development continues
 - Range innovation
 - Wholesale growth with standalone franchise stores
 - Official supplier to UK Invictus team

Operational Excellence



Range harmonisation and single inventory pool on track

2017	2018 Priority
<ul style="list-style-type: none">▪ Efficient and effective operating model▪ Global distribution infrastructure in place▪ Range harmonisation & integrated inventory opportunity	<p>Drive in-store Design & Engagement</p> <p>Customer aligned, product led, enhanced digital experience</p>

Operational Excellence



Range harmonisation and single inventory pool on track

- ✓ Global range harmonisation & efficiency
 - Range overlap improved by >20% pts
- ✓ Inventory efficiency
 - Reduced overall stock cover on track
 - Consolidation to single stock pool on track to be delivered 2018
- ✓ Sourcing strategies
 - Increased direct & dual sourcing
 - Asian sourcing office added
- ✓ Leverage established infrastructure e.g. Global Distribution capability:
 - UK & EU DC's serving all channels
 - US Ecommerce fulfilment in 2018 enables new Ecommerce channels

Summary

Strong Financial Performance

- ✓ Consistently strong revenue & profit growth delivered
- ✓ Growth led by Ecommerce & Wholesale
- ✓ Store and central cost leverage
- ✓ Solid peak trading performance globally
- ✓ Expect FY18 underlying profit before tax in line with range of market expectations¹

Global Digital Brand Strategy

- ✓ Digital approach being applied everywhere across the business
- ✓ Disciplined eight channel approach further diversifies the business
- ✓ Market leading Ecommerce delivery proposition extended to EU
- ✓ Product innovation enhancing category ownership and building brand equity
- ✓ Significant efficiency opportunity from inventory and range consolidation

1. FY17 underlying profit before tax consensus at 5th January 2018: £98.9m with a range of £97.7m to £100.6m

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Q & A

Appendix

Summary Balance Sheet



	1H18 £m	1H17 £m
Total Non-Current Assets	231.4	205.9
Inventories	200.0	160.5
Trade & Other Receivables	143.6	109.8
Derivative and financial instruments	-	15.2
Financial assets of fair value through profit or loss	-	0.7*
Cash and cash equivalents together with term deposits classified as an other financial cost	33.8	40.4
Total Current Assets	377.4	362.6
Total Current Liabilities	174.2	161.1
Net Current Assets	203.2	165.5
Total Non-Current Liabilities	65.1	44.0
Net Assets	369.5	327.4

* 1H17 restated to reflect £0.7m as current assets in relation to investment in Anatwine (Disposed of in 1H18)

Exceptional and other Items

	1H18 £m	1H17 £m
Underlying operating profit	27.0	22.1
Loss on financial derivatives	(15.9)	(8.3)
Founder Share Plan: IFRS 2 charge	(0.3)	-
Exceptional and other items	(16.2)	(8.3)
Reported operating profit	10.8	13.8

* 1H17 restated to reflect £0.7m as current assets in relation to investment in Anatwine (Disposed of in 1H18)

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