

18 January 2021

Trading Update

Super Retail Group (ASX: SUL) provides the following update on its trading performance for the 26 week period ending 26 December 2020.¹

SUMMARY

- Record result driven by unprecedented consumer demand throughout the period
- Group sales growth of 23 per cent and like-for-like sales growth of 24 per cent
- Online sales increased by 87% to \$237 million
- Group gross margin 270 bps higher than the prior comparative period (pcp) supporting higher EBIT margins across all four core brands
- Provisional segment EBIT (pre-AASB16) range of \$253 million to \$256 million, between 119 per cent and 122 per cent higher than pcp
- Provisional Normalised NPAT (pre-AASB 16) range of \$174 million to \$177 million, between 135 per cent and 139 per cent higher than pcp
- Statutory NPAT range of \$170 million to \$173 million, between 196 per cent and 201 per cent higher than pcp

SALES UPDATE

In the first 26 weeks sales growth across the Group's four core businesses has been as follows:

	Total Sales Growth ²	LFL Sales Growth ²	Online Sales Growth ²
Supercheap Auto	20%	20%	46%
rebel	15% ³	17%	102%
BCF	51%	51%	113%
Macpac	(5)%	(3)%	94%
Group Total	23%	24%	87%

1. The results described in this release are provisional financial results and remain subject to external auditor review.
2. Sales growth numbers have not been adjusted for the impact of government-mandated closure of 94 stores in Melbourne (35 Supercheap Auto; 32 rebel; 14 Macpac; 13 BCF) between week six and week 18 and 21 stores in Auckland (12 Supercheap Auto; 9 Macpac) between week 7 and week 9. No adjustment has been made for government-mandated store closures in South Australia during November.
3. Includes impact of closure of Infinite Retail.

Macpac sales were significantly impacted by government-mandated store closures in key markets of Melbourne and Auckland relating to COVID-19. Excluding the impact of these store closures, Macpac delivered six per cent like-for like sales growth in the period.

ONLINE SALES

Group online sales grew by 87 per cent to \$237 million in the period, representing 13 per cent of total Group sales.

Click and Collect sales increased by 74 per cent to \$108 million in the period, representing 45 per cent of Group online sales.

EARNINGS UPDATE

The following are provisional financial results and remain subject to external auditor review.

The Group's segment EBIT (pre-AASB 16) for the period is now expected to be between \$253 million and \$256 million.

A breakdown of provisional trading performance by brand is set out below.

	Provisional Revenue 26 week period (\$ million)	Provisional Segment EBIT (pre-AASB 16) 26 week period (\$ million)
Supercheap Auto	662	103 - 104
rebel	624	99 - 100
BCF	428	61 - 62
Macpac	63	3
Group Unallocated	n/a	(13)
Group Total	1776	253 - 256

Based on this performance, the Group now expects to deliver Statutory NPAT of between \$170 million and \$173 million and Normalised NPAT (pre-AASB 16) of between \$174 million and \$177 million in the period.

The result excludes \$1.7 million received in JobKeeper wage support which will be returned to the Australian Government.

With continuing uncertainty in the economic outlook and the ongoing risk of COVID-19 lockdowns impacting store trading, year-to-date performance should not be treated as an indicator of full year performance.

Anthony Heraghty, Group Managing Director and Chief Executive Officer, Super Retail Group said:

"Since our last update to the market in October, the Group has continued to perform well. We are particularly pleased with our record online sales over the November cyber weekend and strong Christmas trading. This has culminated in a record first half performance for the Group.

"I would like to take this opportunity to recognise the outstanding efforts of our team members who adapted quickly to the unique challenges presented by COVID-19 to provide our customers with safe and reliable access to products across our four core brands both in-store and online.

"The successful execution of the Group's omni-retail business strategy and the effectiveness of our supply chain and inventory management have been instrumental in fulfilling large volumes of customer orders and delivering a strong result for the first 26 weeks of trading.

"The operating leverage which the Group has been able to achieve during a period of robust online sales growth clearly reinforces the profitability of our digital sales and, in particular, the scalability of our omni-retail platform.

"Strong cashflow generation leaves us well placed in the second half to reinvest in our brands to maintain our customer value proposition, expand and reward our customer base, consolidate our market-leading positions and grow our market share. As inventory levels are restored during the second half, following a period of unprecedented consumer demand, we expect the level of promotional activity to increase.

"While we remain cautious on the outlook for the second half given the uncertain economic environment, the Group has a resilient business model, underpinned by powerful brands with market-leading positions in growing lifestyle categories, an active customer base of 7.1 million loyalty club members and a conservative balance sheet with a strong cash balance and no net bank debt.

"We look forward to updating the market further at our half yearly results announcement on 17 February."

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The release of this announcement has been authorised by the Board of Super Retail Group Limited.