

Wednesday, 18 August 2021

ASX/Media Announcement

## **Super Retail Group reports record full-year results**

### ***Super Retail Group announces a net profit after tax attributable to owners for the 52-week period ended 26 June 2021 of \$301.0 million***

Highlights<sup>1</sup>:

- Total Group sales up 22 per cent to \$3.45 billion
- Group like-for-like sales growth of 23 per cent
- Online sales up 43 per cent to \$415.6 million
- Segment earnings before interest and tax (EBIT) up 80 per cent to \$476.8 million
- Segment normalised profit before tax (PBT) up 108 per cent to \$435.8 million
- Normalised NPAT up 107 per cent to \$306.8 million
- Basic EPS up 139 per cent to 133.4 cents
- Fully franked final dividend of 55.0 cents per share, bringing the full year dividend to 88.0 cents per share
- Active club members up 22 per cent to 8 million

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

"We are pleased to report a record sales and earnings result for FY21, driven by unprecedented consumer demand in our lifestyle and leisure categories. Successful omni-retail execution, investment in our supply chain and focus on inventory management have been key in meeting elevated volumes of demand in both our in-store and online channels. In particular, the Group's omni-retail business strategy and digital capability are providing the flexibility to pivot to online channels to meet shifts in consumer behaviour during COVID-19 lockdowns. I would like to thank all our team members who have worked tirelessly throughout the period to meet the challenges of COVID-19, while delivering great service to our customers. Having grown our active club membership to eight million customers, we are determined to build a stronger relationship with these customers, capitalising on our data and insights."

1. Growth numbers shown are versus prior comparative period (pcp)

**SUPERCHEAP AUTO**

Sales increased by 16.9 per cent to \$1.31 billion, driven by like-for-like sales growth.

Like-for-like sales growth of 16.4 per cent reflected both transaction growth and higher average transaction value driven by increase units per transaction and average unit value.

Online sales grew by 31 per cent to \$107 million, representing 8 per cent of sales.

Like-for-like sales growth was achieved in all categories with auto accessories and car care delivering the strongest sales growth. 4WD & outdoor, in car tech, roof racks, safety & comfort and car detailing were the fastest growing sub-categories.

Western Australia, South Australia and New South Wales delivered the strongest sales growth.

Gross margin expansion was driven by lower promotional sales, reduced promotional and clearance depth and a favourable net recovery of supply cost inflation.

Segment normalised PBT margin improved by 320bps to 14.7 per cent due to improved gross margins and cost leverage.

Active Club Plus membership increased by 37 per cent to 2.3 million with club member sales representing 46 per cent of Supercheap Auto sales. Average club member Net Promoter Score (NPS) was 64 per cent, up from 63 per cent in the pcp.

Supercheap Auto opened two new stores and closed one store during the period, resulting in 327 stores at period end.

**REBEL**

Sales increased by 15.3 per cent to \$1.20 billion. Like-for-like sales growth of 17.5 per cent was driven by higher average transaction value due to increased items per transaction and higher average item value.

Online sales grew by 36 per cent to \$193 million, representing 16 per cent of sales.

Like-for-like sales growth was achieved in all categories with performance sports delivering the strongest growth. Football, basketball, licensed apparel and kids' apparel were the fastest growing sub-categories. Fitness equipment and accessories also performed well as COVID-19 lockdowns lifted at-home fitness activity.

Queensland, New South Wales and Western Australia delivered the strongest sales growth.

Gross margins increased due to lower promotional activity, sales mix to higher margin products and favourable net recovery of supply cost inflation.

Segment normalised PBT margin improved by 470bps to 13.9 per cent.

Active club membership increased by 13 per cent to 3.2 million, with club member sales representing 68 per cent of rebel sales. Average club member NPS increased to 59 per cent, up from 55 per cent in the pcp.

During the year, rebel opened one store and closed eight stores during the period, resulting in 153 stores at period end.

**BCF**

Total sales increased by 49.1 per cent to \$797.7 million.

Like-for-like sales increased by 48 per cent due to increased transactions and higher average transaction value.

Online sales grew by 90 per cent to \$86 million, representing 11 per cent of sales.

Boating, camping and fishing categories all grew strongly, reflecting elevated levels of domestic tourism and leisure activity. Caravan, 4WD, camp shelter & bedding, barbeque, trailer, water sports, footwear and apparel were among the fastest growing sub-categories.

All states performed strongly, with Victoria and Western Australia delivering the strongest sales growth.

Gross margins increased due to lower promotional sales, reduced promotional and clearance depth and a favourable net recovery of supply cost inflation.

Segment normalised PBT margin improved by 930bps to 12.1 per cent driven by significant cost leverage.

Active club membership increased by 29 per cent to 2 million, with 84 per cent of BCF sales coming from club members. Average club member NPS was 63 per cent, down from 64 per cent in the pcp.

BCF opened three stores, resulting in 142 stores at period end.

**MACPAC**

Sales increased by 16.3 per cent to \$153.4 million as a result of a 14.2 per cent increase in like-for-like sales.

In Australia, like-for-like sales increased by 9.7 per cent despite restrictions on offshore travel, which impacted luggage, thermal and insulation sales, and Melbourne store closures due to COVID-19 lockdowns.

In New Zealand, like-for-like sales increased by 21.1 per cent despite a lack of inbound tourism and closure of Auckland stores due to COVID-19 lockdowns.

Online sales grew by 38 per cent to \$30 million, representing 21 per cent of sales.

Tents, sleeping bags and camping accessories were the fastest growing categories.

Macpac delivered second half like-for-like sales growth of 31.8 per cent. Macpac store sales benefited from increased brand awareness associated with the successful launch of Macpac product in rebel and BCF stores in the fourth quarter.

Gross margins recovered to FY19 levels due to increased average selling price, improvements in product sourcing costs and favourable foreign exchange movements.

Segment normalised PBT margin increased by 660bps to 11 per cent.

Active club membership increased by 6 per cent to 0.5 million and club members represented 66 per cent of Macpac sales. Average club member NPS was 68 per cent up from 67 per cent in the pcg.

Macpac opened four stores, resulting in 76 stores at period end.

## ONLINE

Group online sales increased by 43 per cent to \$415.6 million, representing 12 per cent of Group sales. Click & Collect represented 46 per cent of Group online sales.

The importance of the Group's investment in its digital capability was underscored by the impact of intermittent COVID-19 lockdowns on store trading and foot traffic. The Group's omni-retail capability enabled it to pivot to online channels to meet consumer demand through both Click & Collect and home delivery.

The Group is continuing to develop and refine the application of artificial intelligence (AI) to support digital sales, with more than 30 per cent of online sales supported by analytically driven data and insights.

## GROUP AND UNALLOCATED

Group unallocated costs of \$30.7 million were \$12.4 million higher than pcg due to higher corporate costs.

Corporate costs were \$7.0 million higher than pcg reflecting performance rights expenses for both Group and brand participating management, increased investment in corporate areas such as legal, risk & compliance, higher insurance costs and increased professional fees.

In accordance with updated guidance by the International Financial Reporting Interpretation Committee (IFRIC) on cloud-based software, the Group has re-assessed the treatment of software intangibles linked to a software as a service (SaaS) solution. This has resulted in \$5.4 million of expense in the period.

## CASH FLOW AND NET DEBT

Operating cash flow of \$600.0 million was \$10.7 million lower than pcg and reflected, in part, the unwinding of favourable supplier terms which were previously granted in response to the COVID-19 pandemic and increased investment in inventory.

Total capital expenditure in the period included \$40.4 million spent on omni-retail and IT projects and \$44.1 million spent on new stores and refurbishments. Committed expenditure totalled \$97.0 million, with some \$12.5 million of cash flow carried to the next period.

The Group had a net cash position of \$242.3 million reflecting the July 2020 equity raising and strong trading throughout the period.

The Group's fixed charge cover (based on normalised EBITDAL) at the end of the period was 3.1x. It is expected to normalise in the low to mid 2x.

The Group has undrawn committed debt facilities of \$600 million.

While COVID-19 related trading restrictions and lockdowns persist, the Group intends to maintain a very conservative debt position. Once trading conditions normalise, the Group will target a long-term net debt/EBITDA position (pre AASB 16) of between 0 and 0.5x.

**FIRST HALF FY22 TRADING UPDATE**

Group like-for-like sales growth as at week 7:

	Like- for -like sales growth (%) (weeks 1-7) versus FY21	Like- for -like sales growth (%) (weeks 1-7) versus FY20
Supercheap Auto	(11)	9
rebel	(16)	8
BCF	(21)	34
Macpac	(2)	13
<b>Group</b>	<b>(14)</b>	<b>12</b>

The Group is cycling 32% like-for-like sales growth in the first seven weeks of FY21.

The Group exited the fourth quarter with strong trading momentum. COVID-19 lockdowns in July and August have adversely impacted FY22 trading, however there has been a significant uplift in online sales in COVID-19 affected regions resulting in record online sales.

In FY22 year to date, online sales have grown by 62 per cent with Click & Collect sales growing by 137 per cent.

Total Group sales in the first seven weeks of FY22 are 15 per cent higher than the equivalent period in FY20.

While global supply chain conditions remain challenging, the Group has fortified its inventory position and consumer demand in the auto, sports, leisure and outdoor categories remains buoyant.

The Group is targeting capex in FY22 of \$125 million, which will fund expanded store development program and investment in omni and digital capability.

The Group's trading outlook remains uncertain given risk of intermittent lockdowns and travel restrictions due to COVID-19.

Mr Heraghty said:

“Notwithstanding current COVID-19 disruptions, our omni-retail business model is performing well with record online sales in the month of July.

The flexibility we have to meet demand through in-store and online channels and the strength of our balance sheet means we can continue to confidently pursue a number of attractive organic growth opportunities, which are integral to the execution of our corporate strategy.

In line with our commitment to grow our four core brands, Super Retail Group proposes to take advantage of favourable leasing market conditions by investing in our store network and optimising our store locations and lease portfolio. Following recent successful trials, our network optimisation plan will include the roll out of a number of alternative formats including next generation Supercheap Auto stores, rebel rCX stores and BCF small format regional stores.

To further our strategic goal of leveraging our closeness to customer, the Group is also deploying capital into redesigning our loyalty programs, developing a customer data platform and building our customer analytics. Investing in this capability will enable the Group to tailor loyalty benefits to meet segmented customer profiles and to make hyper-personalised offers to individual customers utilising analytically driven data and insights.

Consistent with our goal to excel in omni-retail execution, we will continue to invest in digital to elevate the look and feel of our website, improve our delivery efficiency and offer a seamless shopping experience for our customers across our online and in-store channels.

The Group's conservative capital structure (no bank debt), large active customer base of over eight million loyalty club members, and the long-term health, wellness and fitness trends supporting growing participation in our lifestyle categories, mean the business is well positioned for the future."

## **RESULTS BRIEFING - TELECONFERENCE DETAILS**

Super Retail Group will conduct a results briefing teleconference for analysts and investors at 10.30am (Sydney time) today.

Investors and analysts can access the teleconference via the following link: <https://sl.c-conf.com/DiamondPass/10014763-jk994s.html>

Upon registering, you will be provided with dial in numbers and a passcode.

Participants are encouraged to register in advance of the time for the teleconference call.

### **Investor enquiries:**

Robert Wruck, Head of Investor Relations

Ph.: 0414 521 124

E: [robert.wruck@superretailgroup.com](mailto:robert.wruck@superretailgroup.com)

### **Media enquiries:**

Kate Carini

Ph.: 07 3482 7404

E: [communications@superretailgroup.com](mailto:communications@superretailgroup.com)

## **IMPORTANT INFORMATION**

This announcement contains general information about the Group and its activities, current as at the date of the announcement. It is information given in summary form and does not purport to be complete. It may contain forward-looking statements which are subject to uncertainty, risks, and assumptions, many of which are outside the control of the Group. The announcement should not be relied upon as advice or considered as a recommendation to investors or potential investors. Readers should consult their own legal, tax, business and/or financial advisors in connection with any investment decision.

Authorised for release by the Board of Super Retail Group Limited.