Super Retail Group

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Thursday, 22 August 2024

ASX/Media Announcement

Super Retail Group reports full year results for the period ended 29 June 2024 – record sales of $3.9 billion and statutory NPAT of $240 million

Key features:

- Group sales up 2 per cent to $3.9 billion
- Group gross margin up 10 bps to 46.3 per cent
- Segment EBIT down 9 per cent to $400 million
- Segment PBT down 12 per cent to $343 million
- Statutory NPAT down 9 per cent to $240 million and normalised NPAT down 11 per cent to $242 million
- Statutory EPS of 106 cents and normalised EPS of 107 cents
- Fully franked final ordinary dividend of 37 cents per share and fully franked special dividend of 50 cents per share
- Expanded store network – opened 28 new stores
- Effective omni retail execution – online sales up 9 per cent to $485 million
- Growing loyalty base – successfully launched rebel Active loyalty program and increased total active club members by 12 per cent to 11.5 million[1]
- Highly engaged team – engagement score of 81[2]
- Decline in safety performance – TRIFR increased to 14.5 due to higher incidence of manual handing injuries[3]
- Conservative balance sheet - no drawn bank debt and $218 million cash balance

Group Managing Director and Chief Executive Officer Anthony Heraghty said "Super Retail Group delivered a solid financial performance in FY24 as record sales and higher gross margin helped mitigate the impact of inflation on our cost base. In a macroeconomic environment where cost-of-living pressures are dampening consumer spending, the delivery of top-line growth is a testimony to the strength of our four core brands and the resilience of the categories in which we operate."

"Ongoing investment in our store network through new store openings, refurbishments and the roll-out of new formats remained an important driver of revenue growth. In addition, our continued focus on omni-retail execution delivered nine per cent growth in online sales, which are now approaching half a billion dollars. Pleasingly, for the fourth consecutive year, the Group has added more than one million active club members to its customer loyalty base. We now have 11.5 million active club members across our loyalty programs, representing 77 per cent of Group sales.

1. Active club member is a club member who purchased in the last 12 months
2. Based on May 2024 engagement survey
3. Total recordable injury frequency rate

"I would like to sincerely thank our 16,000 team members whose passion and dedication to serving our customers have been instrumental in achieving this year's result.

"After taking into account a resilient trading performance, strong operating cashflow and the strength of the Group's balance sheet, I am pleased to advise that, in addition to the payment of a final fully franked dividend of 37 cents per share, the Directors have determined to pay a special fully franked dividend of 50 cents per share."

GROUP

The Group delivered a record sales result that was up 2 per cent on FY23.

$m	FY24	FY23	Change
Total Sales	3,883	3,803	2%
Segment EBITDA	739	768	(4%)
Segment EBIT	400	438	(9%)
Segment PBT	343	391	(12%)
Normalised NPAT	242	274	(11%)
Statutory NPAT	240	263	(9%)

Flat like-for-like sales growth during the period reflected the impact of higher interest rates and increased cost of living expenses, which led to more cautious consumer behaviour.

	H1 FY24 Like-for-like sales growth	H2 FY24 Like-for-like sales growth	FY24 Like-for-like sales growth	FY24 Total sales growth
Supercheap Auto	3%	1%	2%	3%
rebel	(3%)	(2%)	(2%)	(1%)
BCF	2%	(4%)	(1%)	5%
Macpac	0%	0%	0%	3%
Group Total	1%	(1%)	0%	2%

Group online sales increased by nine per cent to $485 million. Online sales as a percentage of total sales increased from 12 per cent in the pcp to 13 per cent. Click & Collect sales accounted for 45 per cent of Group online sales.

Group gross margin increased by 10 bps to 46.3 per cent despite increased promotional activity from competitors across the categories in which the Group operates.

Group cost of doing business as a percentage of sales increased by 120 bps to approximately 36 per cent, primarily due to the impact of inflation on wages and rent.

Group normalised net profit after tax decreased by 11 per cent to $242 million and statutory NPAT decreased by nine per cent to $240 million.

SUPERCHEAP AUTO

Total sales increased by three per cent to $1.50 billion driven by new store openings and like-for-like sales growth.

Like-for-like sales growth of two per cent reflected growth in transaction volumes and higher average transaction value (ATV).

Auto maintenance (including lubricants, car detailing and power) was the strongest performing category, reflecting an uplift in do-it-yourself activities.

Segment EBIT increased by one per cent to $222 million. Segment PBT margin declined by 60 bps as higher operating expenses offset an 80 bps improvement in gross margin. As a result, Segment PBT of $203 million was one per cent lower than the pcp.

Online sales grew by six per cent to $121 million and represented eight per cent of total sales. Click & Collect accounted for 78 per cent of online sales.

Active club membership grew by 17 per cent to 4.3 million and club members represented 69 per cent of total sales.

Supercheap Auto opened 11 stores and closed one store, resulting in 341 stores at the end of the period.

REBEL

rebel's financial results for the period include the one-off impact of revenue deferral of $7 million relating to its new points-based club member loyalty program.

Total sales fell by one per cent to $1.29 billion. Like-for-like sales decreased by two per cent reflecting lower transaction volumes and lower ATV.

Performance sports was the best performing category, benefitting from strength in football and licensed apparel.

Segment EBIT fell by 25 per cent to $121 million. Segment PBT margin declined by 330 bps due to a 120 bps decline in gross margin and higher operating expenses. As a result, Segment PBT of $102 million was 30 per cent lower than pcp.

Online sales grew by 12 per cent to $222 million and represented 17 per cent of total sales. Click & Collect accounted for 28 per cent of online sales.

In October 2023 rebel relaunched its rebel Active loyalty program, which provides club members with exclusive benefits and offers and the ability to earn and redeem points on purchases. Some 84 per cent of club members have earned loyalty points in the new program and 34 per cent have redeemed points during the period. The average sales multiplier for each dollar redeemed using points under the program is over 12 times.

Active club membership grew by four per cent to 3.9 million and club members represented 77 per cent of total sales.

rebel opened one new store and closed one store, resulting in 159 stores at period end.

BCF

Total sales increased by five per cent to $879 million driven by new store openings. Like-for-like sales fell by one per cent as higher transaction volumes were offset by a modest decline in ATV.

Fishing and touring delivered strong category growth. BCF had its biggest ever year of fishing sales, supported by the successful roll-out of in-store tackle stores.

Segment EBIT increased by 10 per cent to $67 million. Segment PBT margin increased by 10 bps as a 140 bps improvement in gross margin offset higher operating costs. As a result, Segment PBT of $54 million was six per cent higher than pcp.

Online sales grew by nine per cent to $102 million and represented 12 per cent of total sales. Click & Collect accounted for 56 per cent of online sales.

Active club membership grew by 11 per cent to 2.5 million, with club members representing 90 per cent of total sales.

BCF opened seven stores and closed two stores, resulting in 162 stores at period end.

MACPAC

Total sales increased by three per cent to $222 million, driven mainly by new store openings.

Like-for-like sales were slightly above the pcp as a result of higher transaction volumes.

Like-for like sales increased by eight per cent in New Zealand but declined by four per cent in Australia due to milder weather in Australia during winter.

Backpacks, gear and accessories performed strongly, reflecting an uplift in participation in outbound tourism and travel.

Segment EBIT fell by 28 per cent to $22 million. Segment PBT margin fell by 480 bps due to a 100 bps decline in gross margin and higher operating expenses. As a result, Segment PBT fell by 34 per cent to $19 million.

Online sales grew by one per cent to $39 million and represented 18 per cent of total sales. Click & Collect accounted for 16 per cent of online sales.

Active club membership grew by five per cent to 800,000, with club members representing 76 per cent of total sales.

Macpac opened nine stores and closed one store, resulting in 97 stores at period end.

GROUP AND UNALLOCATED

Group and unallocated includes corporate costs not allocated to segments and customer, omni, digital and loyalty development costs.

Total group and unallocated costs decreased by approximately $3 million compared to the pcp.

Corporate costs decreased by $1 million and interest revenue increased by $4 million, reflecting the strength of the Group's balance sheet and higher interest rates.

INVENTORY

Total inventory increased by $58 million compared to the pcp, reflecting both an increase in unit volume and COGS inflation. Higher inventory levels reflect an uplift in Group sales and the impact of new store openings (Supercheap Auto, BCF and Macpac) and conversion of standard stores to large format rCX (rebel).

Total average inventory to sales was 21 per cent, in line with the previous period.

Net inventory investment decreased by $12 million despite the addition of 23 stores during the period (net of closures).

CASH FLOW AND NET DEBT

Operating cash flow of $635 million was $81 million below pcp primarily because the Group made $133 million in income tax payments in FY24 compared to $64 million in FY23.

Total capital expenditure of $135 million was $25 million higher than the prior comparative period.

Lease principal payments in FY24 were lower than in FY23 due to timing of lease payments.

Total store capex was $72 million comprising Supercheap Auto $35 million, rebel $16 million, BCF $11 million and Macpac $10 million. Other capital expenditure of $63 million included investment in the construction of a new automated distribution centre as well as omni-retailing capabilities, data, cyber, networking, Supercheap Auto trade capability and loyalty.

The Group ended FY24 with a cash balance of $218 million.

DIVIDENDS AND CAPITAL MANAGEMENT

The Board has determined to pay a fully franked final ordinary dividend of 37 cents per share, which is at the upper end of the Group's dividend payout policy.

In addition to the final ordinary dividend, the Board has determined to pay a fully franked special dividend of 50 cents per share.

Together with the interim ordinary dividend of 32 cents, this represents an aggregate dividend payment to shareholders for FY24 of 119 cents per share.

The Group is continuing to target a long-term net debt / EBITDA position (pre AASB 16) of between 0 and 0.5x.

Decisions on future capital management activity will be made with regard to the outlook at the time and the primary objective of ensuring that the Group maintains the balance sheet strength and capacity to support its operations, growth plan and associated capital requirements.

FY25 TRADING UPDATE

	Like-for-like sales growth FY25 v FY24 (Weeks 1 to 7)	Total sales growth FY25 v FY24 (Weeks 1 to 7)
Supercheap Auto	4%	6%
rebel	1%	1%
BCF	3%	5%
Macpac	9%	15%
Group Total	3%	5%

The Group has made a strong start to FY25, delivering three per cent like-for-like sales growth and five per cent total sales growth in the first seven weeks:

- Supercheap Auto executed a successful Best Performing Oils promotion, which was brought forward in the calendar compared to the pcp

- Footwear and apparel have driven higher sales in rebel, which is cycling elevated sales of licensed products in the pcp relating to the FIFA Women's Football World Cup

- BCF has seen continued growth in fishing, caravan and 4WD. BCF's superstores at Townsville, Kawana and Mackay are trading well

- Macpac has delivered a strong finish to the peak winter sales period. Sales momentum has accelerated in FY25 YTD, with insulation and rainwear sales benefitting from cold and wet weather

Mr Heraghty said "The Group has made a strong start to the year with positive sales momentum across all of our four core brands. The outlook for the consumer in the year ahead remains uncertain given ongoing cost-of-living pressure on household budgets. We will continue to manage our costs effectively while investing in the business for future growth. The Group's customer value proposition, the strength of our brands and the size of our customer loyalty club membership base means Super Retail Group remains well positioned to perform in retail market conditions where customers are carefully managing their spending and prioritising value-for-money purchases."

CAPITAL EXPENDITURE AND COSTS

The Group is targeting capex in FY25 of $165 million to fund its store development program, a new distribution centre, enhancements to its customer loyalty programs and cyber, omni and digital capability.

As previously flagged, the Group expects duplicated operating expenses associated with the transition from existing distribution centre facilities to the Group's new Victorian distribution centre will result in a one-off increase to Group and unallocated costs in FY25 of $8 million. Total Group and unallocated costs in FY25 (including this $8 million) are expected to be $40 million, compared to $36 million in FY24.

While inflation appears to be gradually easing, the Group expects continued upward pressure on its cost base in FY25. The Group's 2024 retail and CCC Enterprise Agreement (EA) became operative from 14 July 2024. The FY25 increase to retail team members' base pay rates represents a step up in retail team member expenses from FY24 to FY25 of approximately 3 per cent. The EA also included an increase in penalty rates. Targeted benefits from the Group's workforce planning capability along with other improvements to EA terms are expected to more than offset the impact of penalty rate increases.

RESULTS BRIEFING - TELECONFERENCE DETAILS

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

To access the teleconference please pre-register at least 15 minutes prior to the call via the following link: https://s1.c-conf.com/diamondpass/10040166-5d8ht7.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.

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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.