

Accent
Group



RESULTS PRESENTATION
HALF YEAR ENDED
27TH DECEMBER 2020

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SKECHERS

PLATYPUS

VANS
"OFF THE WALL"

 **HYPE**

 **The Athlete's Foot**

**Dr. AirWair
Martens**

Timberland

CAT

MERRELL

STYLERUNNER

PIVOT
SPORTS. LIFE. STYLE.

TRYBE

saucony


SPERRY
Since 1935

STANCE

SUBTYPE

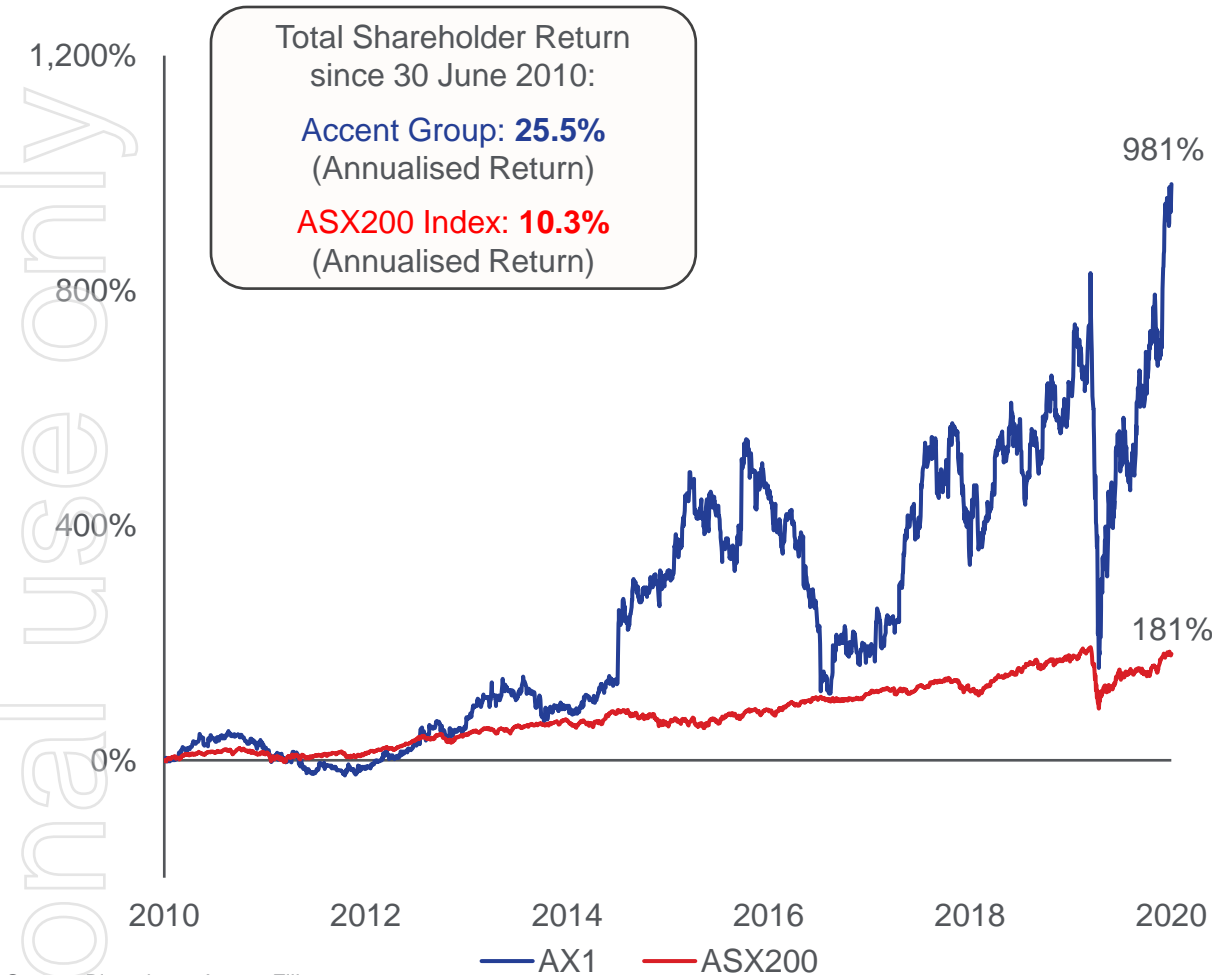
SUPRA


SNEAKER LAB


PALLADIUM
SINCE 1947

Value creation and investor value proposition

10-year Total Shareholder Return¹ comparison Accent and ASX200 (30 June 2010 to 24 December 2020²)



Source: Bloomberg, Accent Filings.

1. Assumes 100% dividend reinvestment on the ex-dividend date.

2. Year ended 27th of December 2020. Last day of ASX trading 24th of December 2020.

- **A market leading digitally integrated consumer business with 21 websites, 16 owned and distributed brands, 569 retail stores facilitating omnichannel distribution and over 7.6m contactable customers.**
- Approaching \$1 billion of sales with a market leading position in the lifestyle and performance market.
- Best in class margins through gross margin expansion initiatives and drive for cost efficiency.
- Strong future growth initiatives through digital, new stores, vertical brands and new business to achieve market share growth in the \$6 + billion performance and lifestyle market segment in Australia and New Zealand.

Record H1 FY21 profit

Key Metrics¹

\$'000's	H1 FY21	H1 FY20	% Change
EBITDA (pre AASB-16)	97,461	67,704	+44.0%
EBITDA	138,449	107,355	+29.0%
Group Sales (inc. Franchisees)	541,328	507,894	+6.6%
EBIT	81,834	55,548	+47.3%
PBT	75,219	48,400	+55.4%
NPAT	52,799	33,563	+57.3%
Digital Growth	110%	33%	
Inventory	172,906	164,151	
Net Debt / (Cash)	(1,656)	47,053	
Interim Dividend	8.00 cents	5.25 cents	+52.4%

1. All results are presented on a statutory post AASB-16 basis unless otherwise stated



Operational highlights

Digital Growth

+110% on H1 FY20

22.3% of total sales

VIP & Loyalty

7.6 million

Contactable customers

Additional 800k contactable customers in H1 FY20

Stores

+50

new stores opened

50 new stores opened, 5 closures

Vertical

+50%

sales growth

\$10 million in H1 FY21

The Athlete's Foot

68

corporate stores

With strong sales and margins

PIVOT

6

stores trading

All stores performing well

The Trybe

10

stores trading

Strong double digit LFL growth in H1 FY21

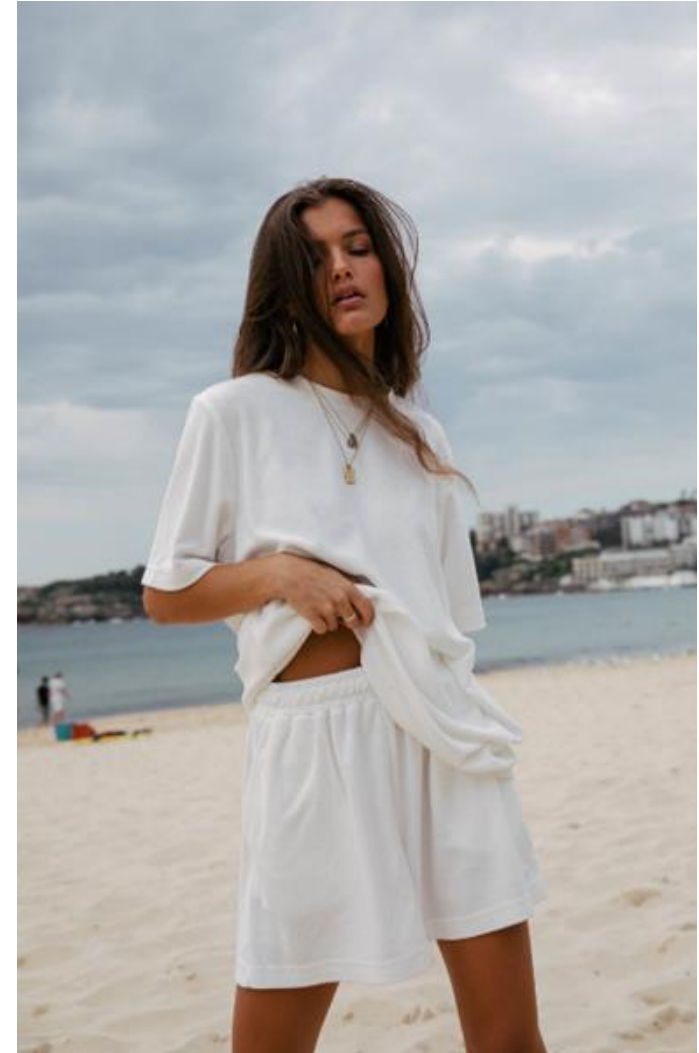
Stylerunner

1

store trading

3 additional stores signed

STYLERUNNER



Digital, Virtual, VIP, Retail & Wholesale

(Stylerunner Armadale in the picture)

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Digital sales up 110% on H1 FY20

Contactable customer
base grew by 800k to 7.6m

H1 FY21 digital
sales were **22.3%**
of sales

Delivery of online
orders up to the
22nd of December in
time for Christmas

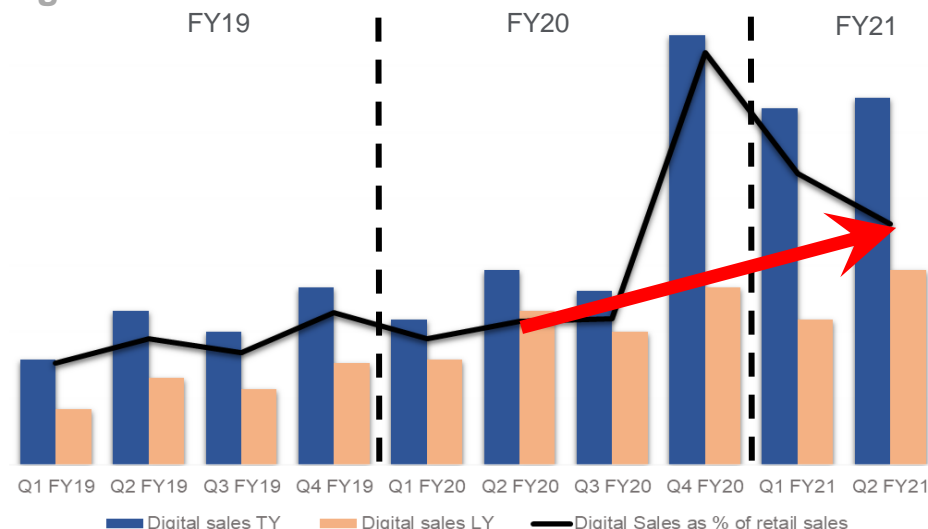
Record results
during key trade
periods (\$8.2m in
sales over Black
Friday weekend)

Fulfilled 100%
more orders than
H1 FY20

Endless Aisle grew
by **92%** vs H1 FY20

Site traffic
grew by 53.4%

Digital Sales Growth



Key Metrics¹

	FY20 (July '19 – June '20)	Pre- COVID (July '19 – Mar '20)	Since COVID (April– June '20)	Jul '20 - Dec '20
Digital Sales	+65.6%	+31.1%	+142.1%	+109.6%
Website Sessions	+32.9%	+29.1%	+118.8%	+53.4%
Orders	+52.0%	+24.8%	+109.1%	+99.9%
Conversion Rate	+14.2%	+0.0%	+39.5%	+31.6%
Avg. Order Value	+0.1%	-2.3%	+4.6%	+8.0%
Digital as a % of Total Sales	17.1%	12.0%	35.4%	22.3%

¹: Percentages shown in the table represent growth on the same period last year

Virtual & VIP

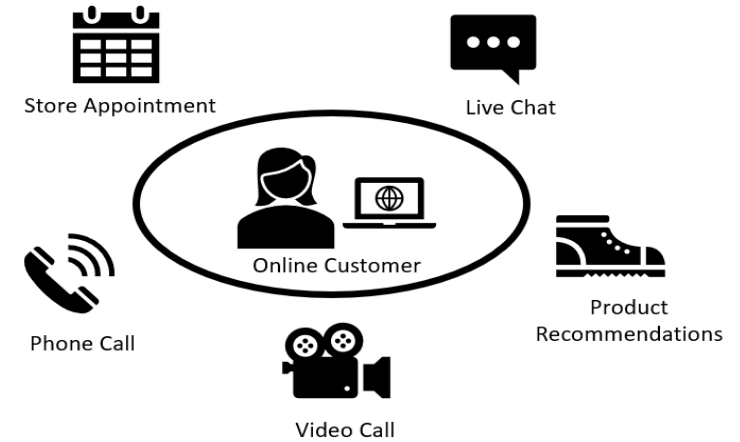
Virtual:

- Virtual sales enabled across all Accent sites and performed strongly
- \$4.3m** in virtual sales YTD¹ in FY21, run rate of \$100k per week from a standing start in April 2020
- Successful launch and rollout of the TAF Virtual Fit program, with sales above expectations

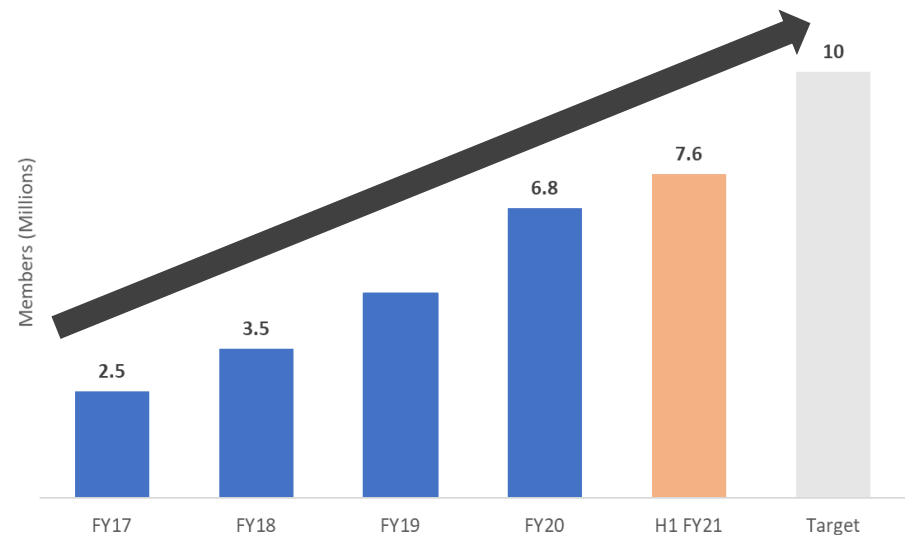
VIP:

- 7.6m** currently contactable customers
- Objective is to grow our customer database to **10m** customers over time
- Skechers loyalty program to be launched in H2 FY21, followed progressively by all other banners over the next 12-18 months

1. YTD: 29th of June 2020 to 31st January 2021



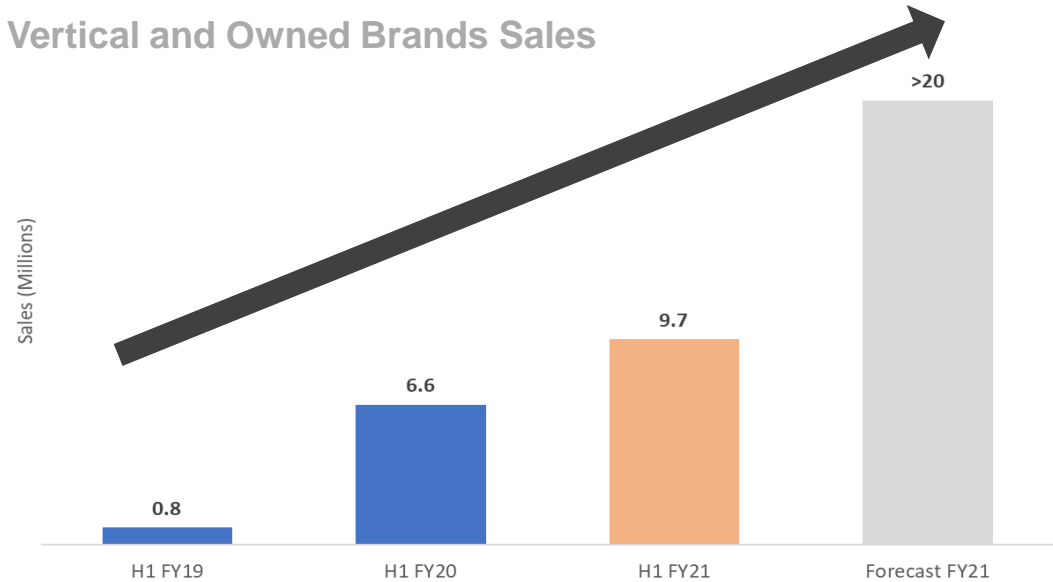
Accent Group Loyalty Members



Vertical

- Vertical program continues to gain momentum
- \$9.7m** of sales in H1 FY21, up **47.5%** on prior year (\$6.6m)
- On track to achieve over \$20m in sales in FY21
- Targeting **10%+** mix of sales over time

Vertical and Owned Brands Sales



Retail & Wholesale

Retail:

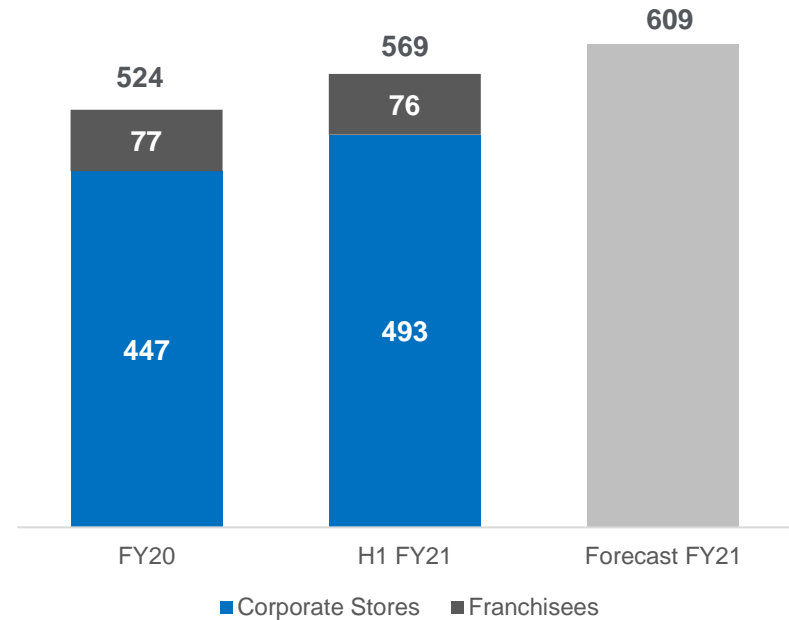
- Owned retail sales of \$411.4m, up 7.7% on prior year sales of \$382m
- LFL sales were up 2.7% for H1 FY21
- Strong retail sales with standout performances in Hype DC, Skechers, Platypus and Subtype
- TAF experienced outstanding growth in sales and gross margin
- New stores performing ahead of expectations

Wholesale:

- Sales ahead of expectations
- Record forward demand continuing in Skechers, Vans and Dr Martens in H1 FY22

1. Includes store closures. For a breakdown by banner refer to page 15.

Store Network¹










Growth Plan Update

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Growth plan update

Objectives

 Digital and Virtual	<ul style="list-style-type: none"> ✓ One hour click and collect and same day/after hours delivery options continue to grow in usage ✓ Continued investment in virtual sales capability 	<ul style="list-style-type: none"> • On track to grow to 30% of retail sales over time
 VIP and Loyalty	<ul style="list-style-type: none"> ✓ Contactable database now 7.6 million customers 	<ul style="list-style-type: none"> • Target contactable customers of 10 million
 Stores	<ul style="list-style-type: none"> ✓ Continued strong store opening schedule expected into FY22 	<ul style="list-style-type: none"> • At least 90 new stores expected to open in FY21 across all banners
 Vertical	<ul style="list-style-type: none"> ✓ Continue to drive margin improvement ✓ All multi branded banners now have vertical development programs well established and growing 	<ul style="list-style-type: none"> • On track to exceed \$20m in vertical brand sales in FY21
 The Athlete's Foot	<ul style="list-style-type: none"> ✓ TAF strategy on track, with 68 corporate stores ✓ Gross margins continue to improve drive by distributed brands and vertical products 	<ul style="list-style-type: none"> • Expect the TAF franchise buyback program to recommence from late FY21
 PIVOT and The Trybe	<ul style="list-style-type: none"> ✓ PIVOT rollout on track ✓ The Trybe store rollout to recommence following a successful H1 and Back to School trading period 	<ul style="list-style-type: none"> • 12 to 15 PIVOT stores expected to be trading by June 2021
 Stylerunner	<ul style="list-style-type: none"> ✓ Armadale store performing well ahead of expectations 	<ul style="list-style-type: none"> • 4 Stylerunner stores expected to be trading by June 2021

Dividends and trading update

Dividends

- Accent Group has announced an interim dividend for FY21 of **8.00 cents** per share, fully franked, payable on **18 March 2021** to shareholders registered on **11 March 2021**
- The interim dividend is up 52.4% on prior year (H1 FY20, 5.25 cents)
- Accent Group continues to be defined by strong cash conversion and the consistent strong returns it delivers on shareholders' funds

Trading Update

- For the first 8 weeks of H2 FY21, LFL retail sales across the whole network are up **10.7%** on the same period in the prior year. This trading result is inclusive of the impact of the 4 snap lockdowns and mandated store closures in Western Australia, Brisbane, Victoria and Auckland that occurred during the first 8 weeks.
- The key Back To School trading period was very strong, with TAF achieving like for like sales of 20.4% in January

Outlook

- Given the continuation of COVID-19 and the likelihood of ongoing lockdowns, Accent Group confirms its commitment to continue applying JobKeeper funds to keep our team employed
- No JobKeeper funds have or will be used in the calculation or payment of management bonuses or dividends
- Due to the uncertain trading environment relating to COVID-19, Accent Group has determined not to provide guidance for the FY21 full year

Appendix

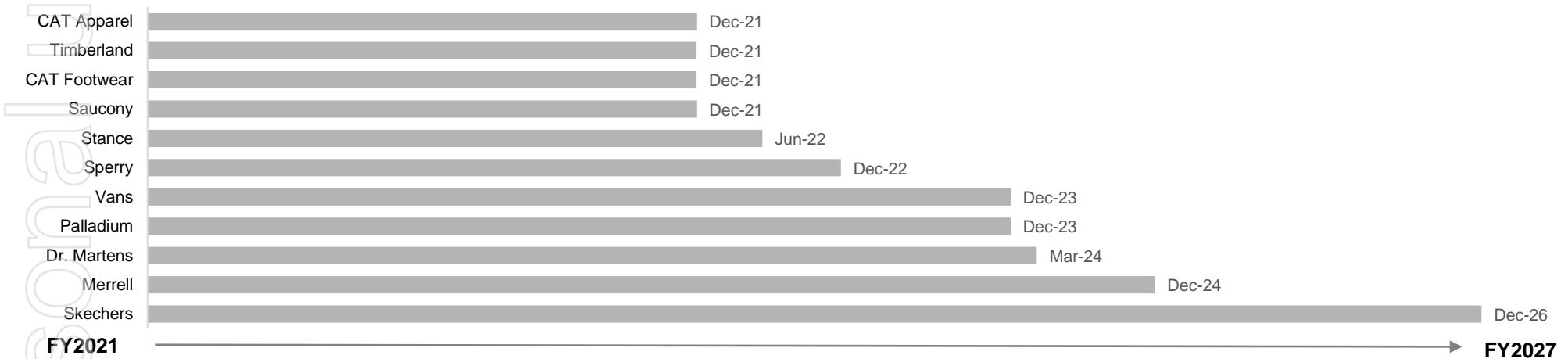
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Store network and distribution agreements

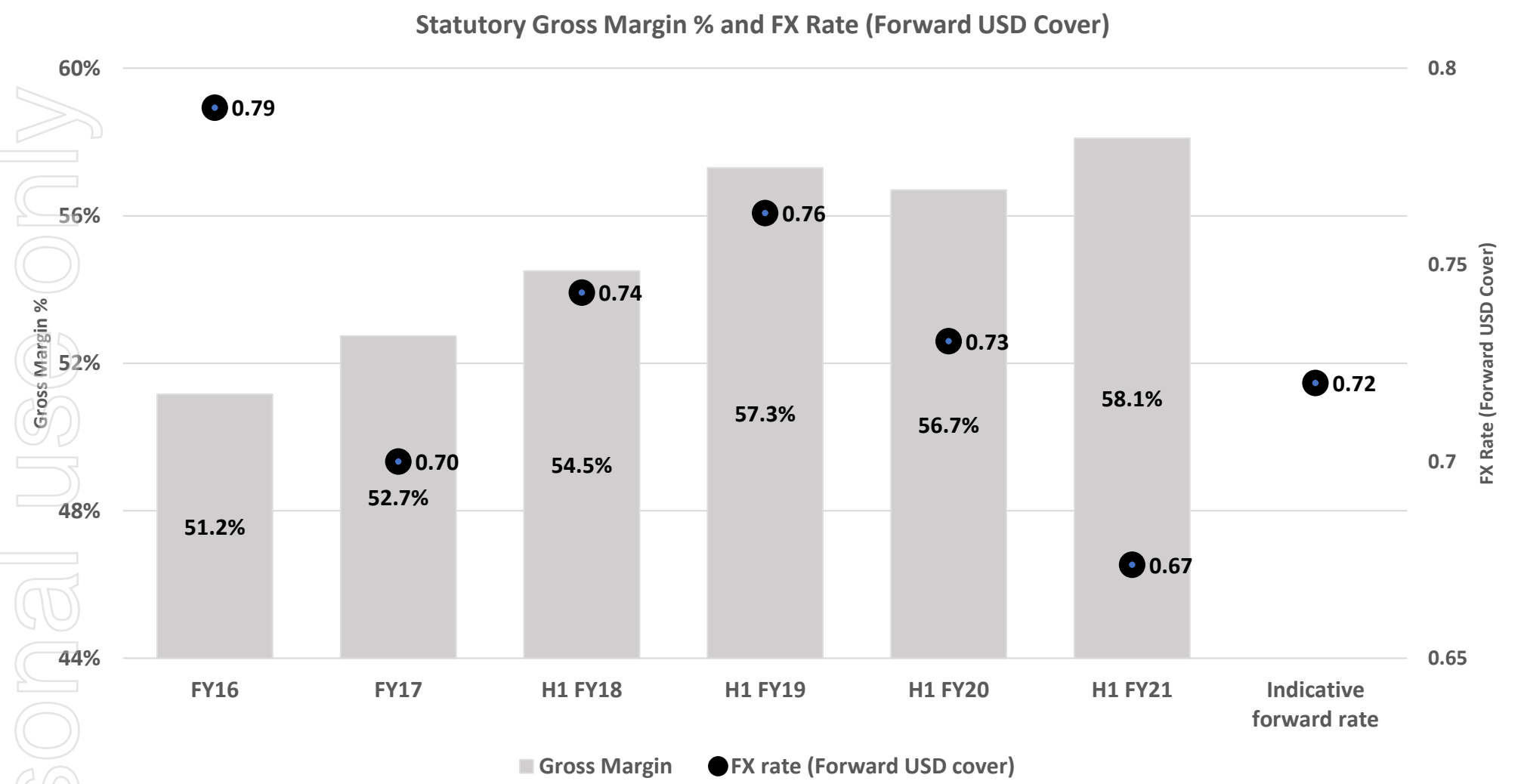
Store Network ¹ Dec-20													
Store Network ¹	TAF	Platypus	Skechers	Vans	Timberland	Dr Martens	Merrell	Hype	Subtype	Trybe	PIVOT	Other/ S'Runner	Total
Stores at End of FY20	145	125	112	24	7	6	16	71	3	8	1	6	524
H1 FY21													
Stores Opened	1	13	13	2	1	5	1	5	1	2	5	1	50
Stores Closed	(2)		(1)		(1)		(1)						(5)
Stores at End of H1 FY21	144	138	124	26	7	11	16	76	4	10	6	7	569
Projection FY21													
Expected at the End of FY21²	144	145	133	28	9	13	16	79	4	10	15	13	609

Distribution Agreements



1. Includes websites (21) and franchises (76); 2. Net of store closures.

Statutory Gross Margin % and FX Rate (AUD/USD Cover)



H1 FY21 summary of financial performance

Financial Summary¹ - Comparable Financial Information

Profit & Loss (\$000's)	H1 FY21	H1 FY20	% Change
Owned sales	466,893	444,170	5.1%
Gross profit	271,249	252,040	
Gross margin (%)	58.1%	56.7%	+140bps
CODB	(143,959)	(154,698)	
CODB (%)	30.8%	34.8%	(400bps)
Royalties and franchise fees	6,392	5,773	
Other income	4,767	4,240	
EBITDA	138,449	107,355	29.0%
Depreciation, amortisation and impairment	(56,615)	(51,807)	
EBIT	81,834	55,548	47.3%
Net interest (paid) / received	(6,615)	(7,148)	
PBT	75,219	48,400	55.4%
Tax	(22,420)	(14,837)	
Net Profit After Tax	52,799	33,563	57.3%

1. All results are presented on a statutory post AASB-16 basis unless otherwise stated

Operating Highlights

Sales	<ul style="list-style-type: none"> ○ Total company owned sales of \$466.9m, up 5.1% on prior year ○ Sales impact of Victoria, Auckland and Adelaide lockdowns of \$39m compared to prior year
Gross Margin	<ul style="list-style-type: none"> ○ Gross margin of 58.1%, 140 bps ahead of prior year ○ Vertical product strategy (shoe care, socks and accessories) on track. Total sales of \$9.7m this year (last year \$6.6m)
CODB	<ul style="list-style-type: none"> ○ Significant focus on cost efficiencies continues
NPAT	<ul style="list-style-type: none"> ○ NPAT of \$52.8m, up 57.3% on prior year



Balance sheet

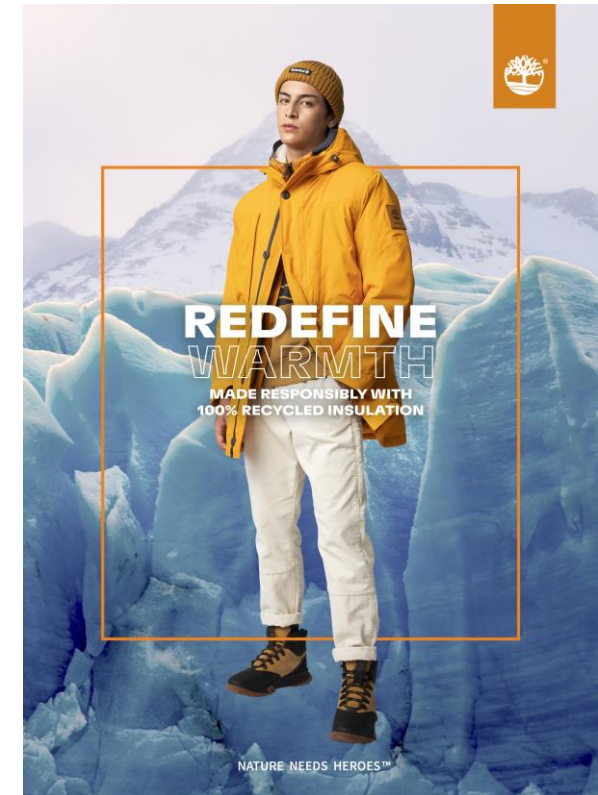
Balance Sheet

\$000's

	H1 FY21	H1 FY20
Trade receivables and prepayments	34,797	35,328
Inventories	172,906	164,151
Trade payables & provisions	(152,909)	(146,969)
Net working capital	54,794	52,510
Intangible assets	355,965	358,833
Property, plant and equipment	109,822	103,283
Capital investments	465,787	462,116
Lease receivable	27,273	28,656
Right of use asset	246,646	265,693
Lease liabilities	(348,741)	(356,435)
Lease balances	(74,822)	(62,086)
Net cash / (debt)	1,656	(47,053)
Deferred income	(12,581)	(8,689)
Tax and derivatives	874	14,066
Net assets / equity	435,708	410,864

Commentary

- Inventory increase driven by investment in new stores and vertical products
- Property, plant and equipment increased due to significant investment in new stores and new digital infrastructure



Impact of new lease accounting standard AASB 16 *Leases*

The implementation of AASB 16 *Leases* has significantly changed reported results however the standard does not have an economic impact on the Group, its cashflows, debt covenants or shareholder value. Below is a summary of the H1 FY21 reported results reflecting the adoption of AASB 16 and a pre AASB 16 view of H1 FY21 results as a direct comparison to the H1 FY20 results.

Profit & Loss

\$000's	Post AASB 16 H1 FY21	Pre AASB 16 H1 FY21	Pre AASB 16 H1 FY20	Pre AASB 16 Change
Owned sales	466,893	466,893	444,170	5.1%
Gross profit	271,249	271,249	252,040	
Gross margin (%)	58.1%	58.1%	56.7%	+140bps
CODB	(143,959)	(184,947)	(194,349)	
CODB %	30.8%	39.6%	43.8%	(420bps)
Royalties and franchise fees	6,392	6,392	5,773	
Other income	4,767	4,767	4,240	
EBITDA	138,449	97,461	67,704	44.0%
Depreciation, amortisation and impairment	(56,615)	(19,567)	(15,062)	
EBIT	81,834	77,894	52,642	48.0%
Net finance costs	(6,615)	(1,362)	(1,787)	
PBT	75,219	76,532	50,855	50.5%
Tax	(22,420)	(22,811)	(15,567)	
Net Profit After Tax	52,799	53,721	35,288	52.2%

Accent Group is the largest retailer and wholesaler of premium lifestyle footwear in the Australia and New Zealand region.

Accent Group

Retail and Wholesale Distribution Channels

Owned Multibrand Retail Banners



Retail & Wholesale Distribution

Accent has the exclusive rights to distribute these brands in Australia



Strong Brand and Product Relationships

Third-party Global Brands



Exclusively Distributed Global Brands



Vertical Products



Omnichannel Platforms and Customer Access

Virtual and Digital

Digital sales accounted for **22.3%** of total sales in H1 FY21

21 websites across all brands

VIP and Loyalty

7.6m contactable customers

Loyalty programs to rolled out starting H2 FY21

Stores

569 stores enabling omnichannel distribution with key presence in both metropolitan and regional areas

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