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Super Retail Group

MACQUARIE AUSTRALIA CONFERENCE

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Group Managing Director and Chief Executive Officer

Inspiring you to live your passion

Authorised for release by the Super Retail Group Board
Tuesday, 4 May 2021



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Contents

- Corporate strategy update
- Update on two of our strategic drivers:
    1. Leveraging closeness to our customer – growing customer loyalty
    2. Excel in omni-retail execution – harmonising in-store and online profitability
- FY21 trading update

Corporate strategy is on track

THE THREE PRIMARY VALUE LEVERS

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5 STRATEGIC DRIVERS



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- Align capital investment to grow core 4 brands
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LEVERAGE CLOSENESS TO OUR CUSTOMER

- Deepen understanding of the customer through more sophisticated analytics and insights
- Develop structured customer relationship management program to drive visitation & transaction growth
- Align marketing, merchandising & pricing strategies to customer



CONNECTED OMNI-RETAIL SUPPLY CHAIN

- Optimise Australia and New Zealand distribution centre networks, planning and product flows
- Orchestrate customer online orders
- Leverage group sourcing capability



SIMPLIFY THE BUSINESS

- Remove duplication and leverage scale (BW / merch / process consistency and simplification / cost out)
- Focus on KPI alignment and value mindset
- Modernise technology infrastructure to be fit for purpose



EXCEL IN OMNI-RETAIL EXECUTION

- Continue to build expertise for our customer-facing teams, underpinned by team members as industry experts
- Deliver a seamless 'Super Retailer' experience
- Evolve the store experience

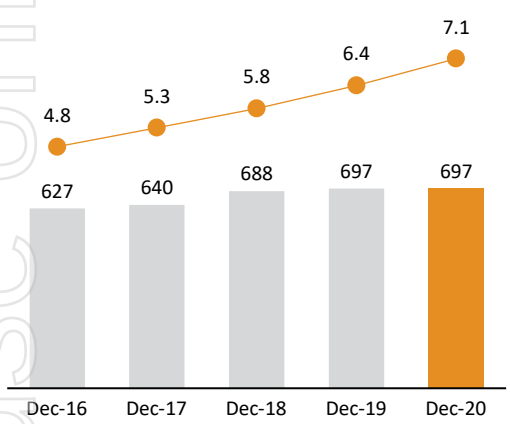
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Strategic driver: leverage closeness to our customer



Active club membership growth outpacing store growth

STORE NUMBERS AND ACTIVE CLUB MEMBERS (MILLION)

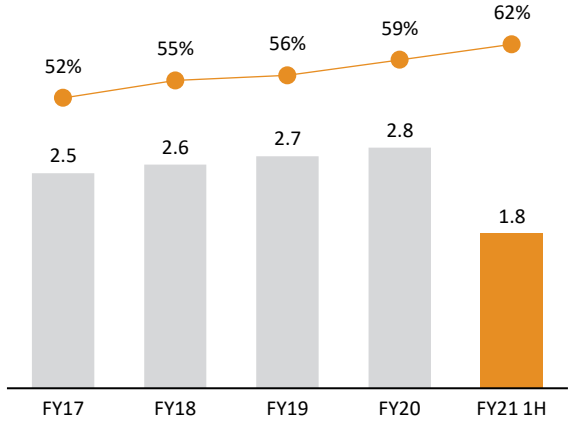


4 year growth (CAGR)

Active club members: 10.3%

Stores: 2.7%

GROUP SALES ($BILLION) AND % SALES FROM ACTIVE CLUB MEMBERS[1,2]



Active club members Store numbers % sales from active club members Group sales

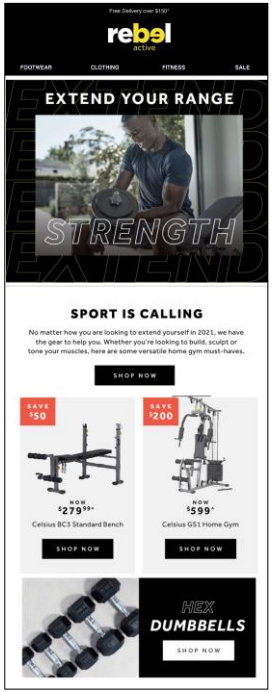
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(1) An active club member is a club member who has purchased with us in the past 12 months
(2) Macpac acquired at end of FY18, sales included from FY19 onwards

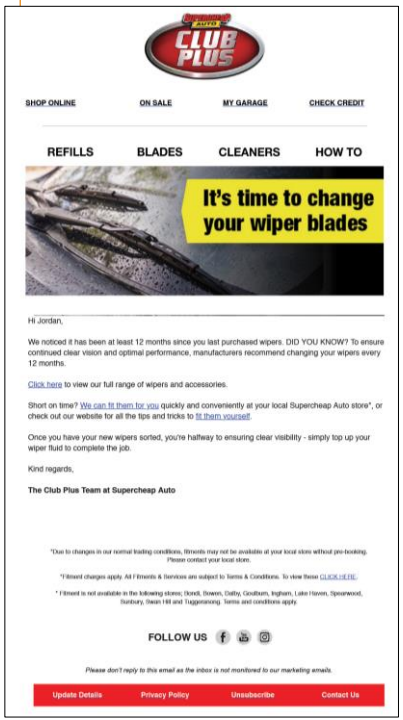
We are embedding personalised content in our club member communications

- **Personalising** content to engage with our customers about how to best use their purchase and to make relevant and adjacent product recommendations





- **Reminding** our customers about when it is time to make a replacement



- **Inviting** our customers to participate in events and experiences, relevant to their recent purchase

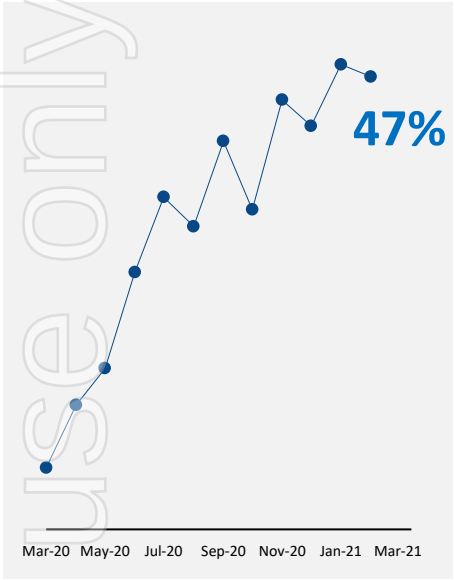




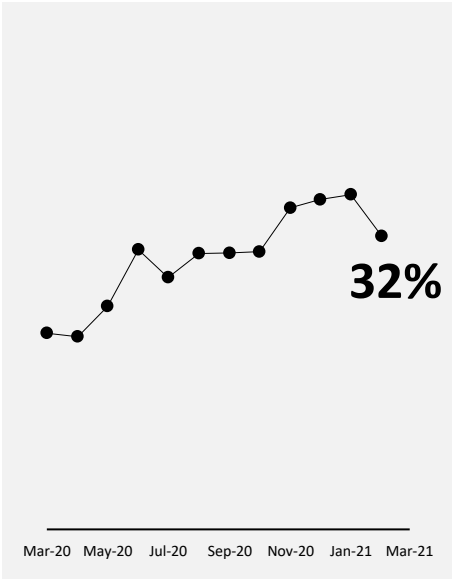
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The use of artificial intelligence (AI) is positively impacting sales

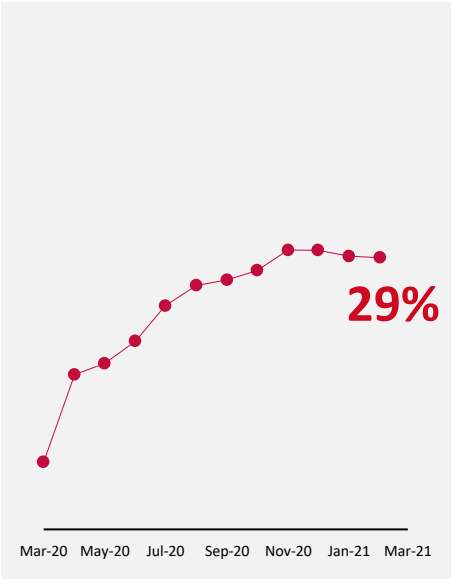
BCF % of AI assisted online sales [1,2]



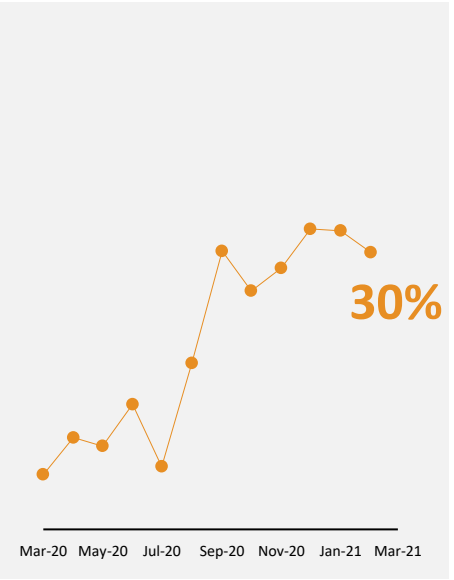
rebel % of AI assisted online sales [1,2]



SUPERCHEAP AUTO % of AI assisted online sales [1,2]



macpac % of AI assisted online sales [1,2]



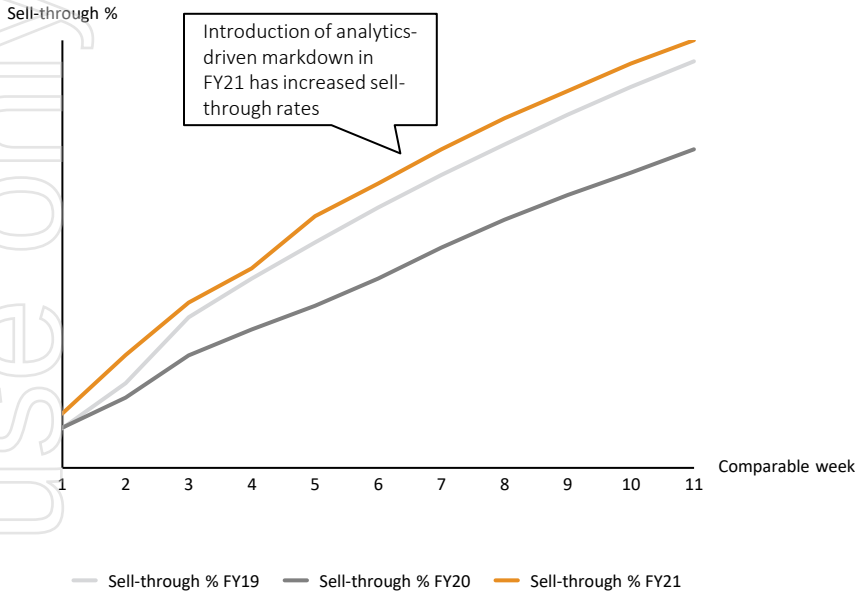
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(1) AI assisted sales are sales where a customer has clicked the AI generated product recommendation and purchased that product online within seven days
(2) AI assisted sales contribution percentages shown are for the month of February 2021

Analytics are improving sell-through rates and gross margin on markdowns

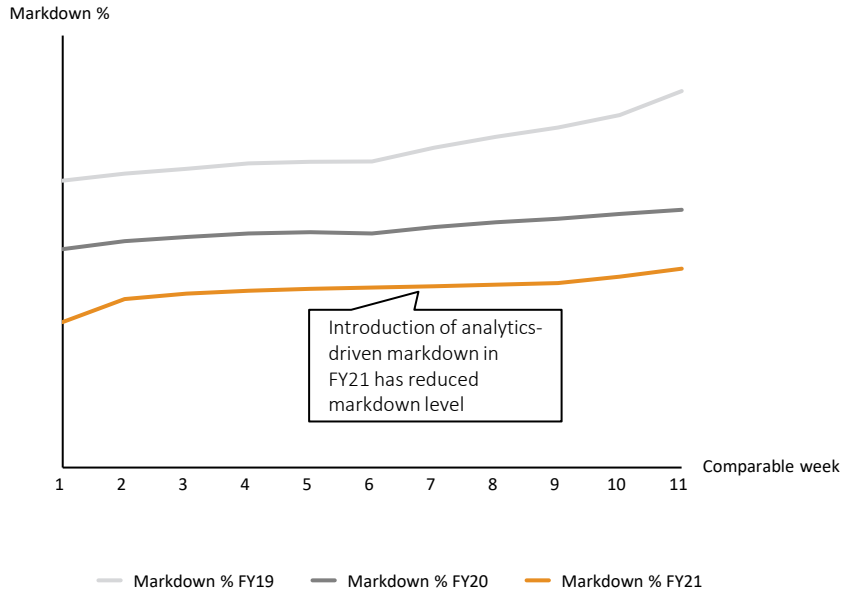
SELL-THROUGH RATE COMPARISON

rebel apparel sell-through – FY19, FY20 and FY21[1]



MARKDOWN COMPARISON

rebel apparel markdown (cumulative) – FY19, FY20 and FY21[1]



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(1) Based on rebel data for a selected apparel markdown program

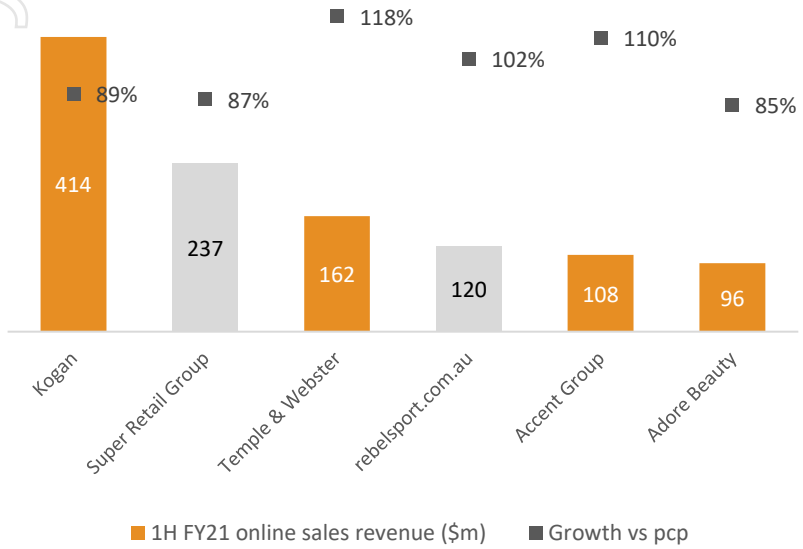
Strategic driver: excel in omni-retail execution



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Our omni-retail capability enabled us to meet the surge of online demand during COVID-19

ONLINE SALES AND ONLINE SALES GROWTH OF SELECT ASX-LISTED RETAILERS[1]



During COVID-19 we demonstrated our capability to profitably grow our online business:

- Met significant surge in online demand
- Achieved 87% growth in online sales
- Click & Collect represented 45% of online sales, despite reduced store foot traffic
- Omni-order capture and fulfilment flexed to meet customer demand
- Delivered strong operating leverage

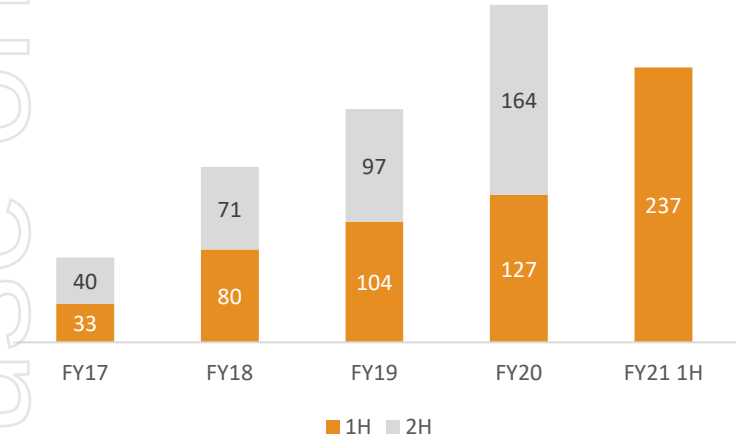
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(1) Source: ASX announcements. Super Retail Group online sales and online sales growth includes rebel.

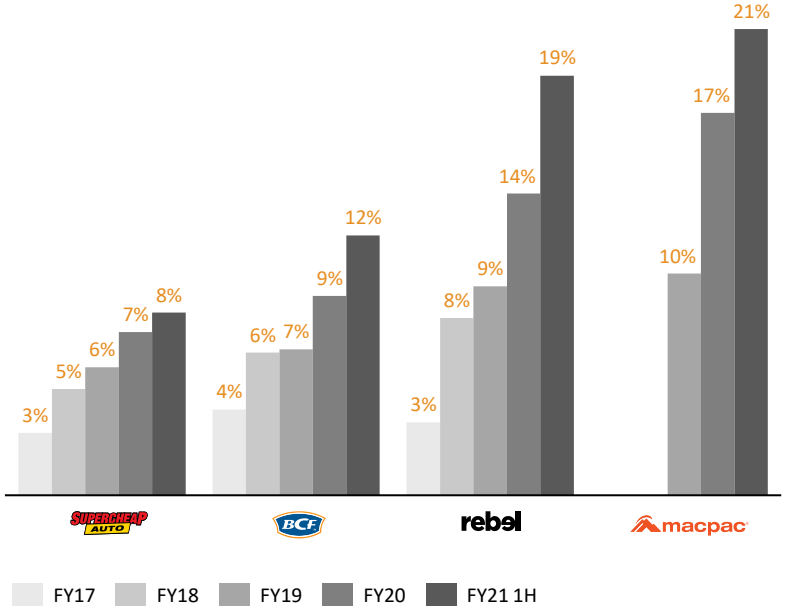
Online sales are growing as a percentage of total sales

ONLINE SALES GROWTH OF 64% (CAGR) OVER THE PAST 4 YEARS[1]

Online sales ($ million)



ONLINE SALES AS % OF TOTAL SALES - BY BRAND[2]



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(1) Based on 1H online sales

(2) Macpac acquired at end of FY18, sales included from FY19 onwards

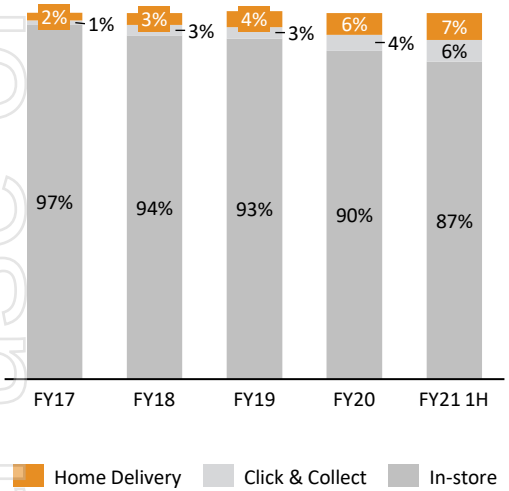
Omni-retail strategy leveraging our store network is sustainable

1 93% of sales involve a customer visiting a store

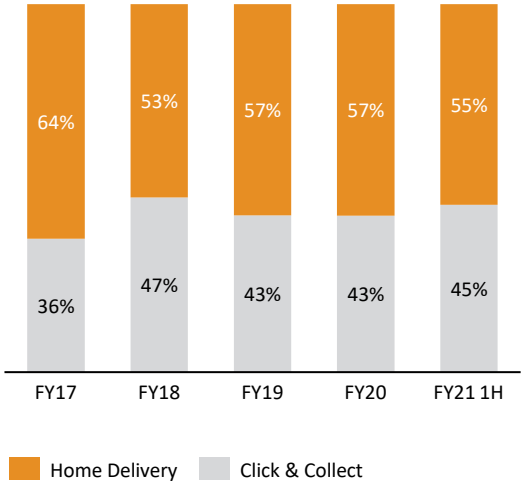
2 Click & Collect, our most profitable channel, has remained relatively steady as a % of online sales

3 Contribution margin dollars per transaction significantly higher for online sales than for in-store sales

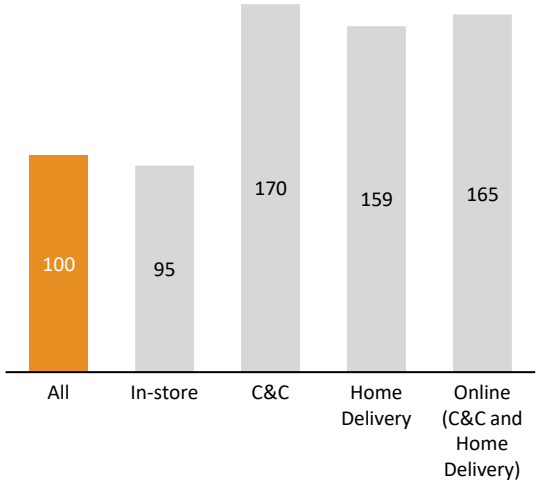
SALES MIX BY CHANNEL FY17 – FY21



ONLINE SALES MIX FY17– FY21[1]



1H FY21 INDEXED AVERAGE CONTRIBUTION MARGIN DOLLARS PER TRANSACTION BY CHANNEL[2]



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(1) Click & Collect commenced in rebel in 2H FY17 and in Macpac in 1H FY19

(2) Contribution margin dollars are gross margin dollars less allocation of store costs and other variable costs directly attributable to the channel

Summary – good progress, with COVID-accelerated gains

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Trading update



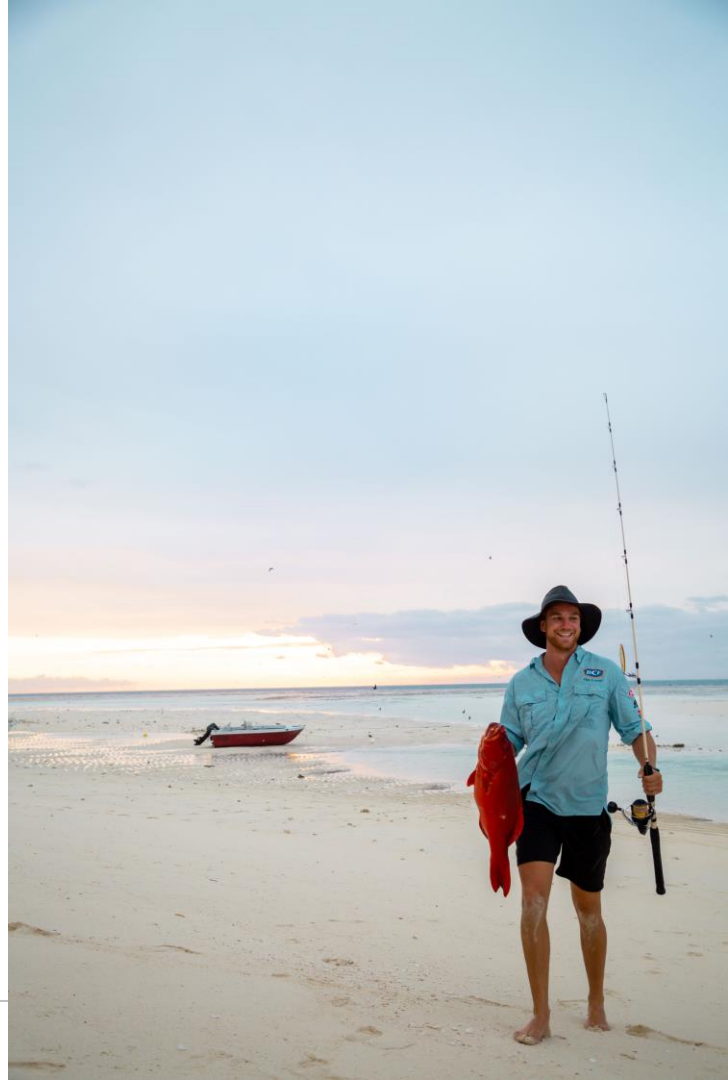
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Trading update

- Group like-for-like (LFL) sales growth of 28 per cent as at week 44[1] versus FY20

	LFL sales (weeks 1- 44) versus FY20	LFL sales (weeks 1- 44) versus FY19
Supercheap Auto	21%	22%
rebel	20%	19%
BCF	59%	49%
Macpac	17%	3%
Group Total	**28%**	**26%**

- Strong Easter trading across all brands, particularly BCF and Macpac.
- Given the continued strength of customer demand, the Group has maintained relatively subdued levels of promotional activity in the second half. As a result, the gross margin improvement which the Group delivered in the first half has been maintained in the second half.
- The Group is in a well stocked inventory position which has benefitted from the arrival of orders made in the first half. Higher shipping costs in the second half have impacted inventory costs but these have been partly offset by favourable currency movements.
- As previously advised, second half operating expenses will reflect catch-up on projects deferred during COVID-19 and increased reinvestment in the business.
- Given the impact of COVID-19 on FY20 sales, the Group will now report FY21 like-for-like sales against both FY20 and FY19 trading, to enable a comparison with non-COVID trading conditions.



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[1] No adjustments have been made to like-for-like sales growth numbers for COVID-19 related store closures

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