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ASX/Media Announcement

Super Retail Group provides update on trading performance and on restructuring initiatives

Super Retail Group (SUL) has today provided an update on latest trading performance and on restructuring initiatives being undertaken in the Ray's Outdoors and Goldcross Cycles businesses.

Sales Performance

Total and like for like (LFL) sales growth in the Group's three divisions for the 43 weeks up to 27 April 2013 has been as follows:

	43 weeks to 27 April 2013		17 weeks to 27 April 2013
	Total	LFL	LFL
Auto	7.7%	5.1%	4.9%
Leisure	14.6%	3.0%	3.3%
Sports	9.6%*	7.8%	7.1%

*Note: * - compared to full 43 week period in the prior comparative period*

The growth in the Auto and Sports divisions was ahead of internal expectations given the solid growth delivered in these divisions in the prior comparative period. The Auto division has benefited from a variety of merchandising initiatives and the growth of the Supercheap Auto Club Plus loyalty program while the Sports division continues to benefit from the various operational, merchandising and marketing initiatives introduced following the acquisition of the Rebel and Amart Sports businesses.

Within the Leisure division, like for like growth at Ray's Outdoors and FCO Fishing Camping Outdoors was strong although like for like growth at BCF Boating Camping Fishing was below internal expectations as weather conditions have had a negative impact on the volume of fish stock in the Northern half of Australia.

Store Development

The Auto division now has 290 stores trading having opened one store in the second half of the year. The Supercheap Auto business has recently refurbished two stores to test initiatives to create a more engaging interactive environment for its customers. One store will be closed before 30 June.

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In the Leisure division, BCF Boating Camping Fishing has opened two new stores while Ray's Outdoors has opened one store so far during the half year. In the balance of the half, Ray's Outdoors expects to open two stores and close two stores before 30 June. There are currently 105 BCF, 54 Ray's Outdoors and 13 FCO Fishing Camping Outdoors stores.

The Sports division has opened four stores and closed three stores in the second half of the year. There are currently 92 Rebel, 42 Amart Sports and 12 stand-alone Goldcross Cycles stores. The division plans to relocate one Rebel store and close three Goldcross Cycles stores before 30 June.

Margin Performance

Gross Margin performance across the Group has continued to be strong in the 17 weeks to 27 April 2013 with all three divisions delivering improvements in gross margin compared to the prior comparative period. The growth in gross margins continues to be driven by ranging initiatives, sourcing and supply chain improvements and the development of private brand and exclusive product ranges.

Operating margins have not grown at the same rate as operating costs have continued to increase as a % of sales in the second half of the financial year. This reflects the increase in occupancy related costs noted at the half year plus the ongoing investment in the multi-channel development program. The lower than expected like for like sales growth and the rollout of smaller format stores in BCF has seen operating costs as a % of sales increase in that business.

The revenue investment in the multi-channel development program is primarily associated with operating a more complex and extensive information technology and supply chain network to provide the Group with the capabilities to operate successfully as a multi-channel retailer. The Group expects to continue to incur further revenue investment in these activities in the next two financial years.

In both the Auto and Leisure divisions, EBIT margins are tracking at circa 30 basis points higher than the prior comparative period and are expected to maintain this trend through to the end of the financial year. In the Sports division (including Cycles), full year EBIT margins are expected to be circa 30 basis points higher than the first half of the year.

Restructuring initiatives

a) Ray's Outdoors

The Group has continued to refocus the Ray's Outdoors business on the core categories of camping, hiking, apparel and travel. Outdoor furniture and accessories and BBQs are no longer core to the business's operations. Merchandising standards across the network of stores are detrimentally impacted by the volume of excess and aged stock so a program has been initiated to relay stores and to significantly reduce non-core stock by Christmas 2013. The costs associated with this program, which are expected to be approximately \$6 million, will be recognised in the 2013 Financial Year.

b) Goldcross Cycles

The Group intends to continue to develop the Goldcross Cycles business as a store within a store concept in Amart Sports stores and has decided to close the stand-alone stores. To date, five Goldcross Cycles stores have been converted into Amart Sports stores and Goldcross Cycles store in store concepts have been introduced into seven existing Amart Sports stores. A further five Goldcross Cycles stores have or will be converted to other Group formats. One Goldcross Cycles store has closed to date and the Group intends to close the remaining eight stores transferring the cycle business to adjacent Amart Sports stores. The Group expects to recognise associated restructuring costs of approximately \$10 million as discontinued business costs in the 2013 Financial Year.

Dividend Policy

In accordance with the Group's dividend policy, the Board expect to declare a full year dividend in the range of 55% to 65% of earnings before non-recurring restructuring costs.

ENDS

Further information:

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Peter Birtles will be presenting an update on Group strategy and performance at the Macquarie Securities Australian Conference on 3 May. A copy of the slides to be used in the presentation will be lodged with Australian Stock Exchange.

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