Super Retail Group Limited
ABN 81 108 676 204
751 Gympie Road Lawnton QLD 4501, Australia
Postal: PO Box 344 Strathpine QLD 4500
T: +61 7 3482 7900 F: + 61 7 3205 8522
www.superretailgroup.com

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ASX/Media Announcement

Super Retail Group Limited (SUL)
Trading Update on 1st Half 2013/14

Super Retail Group today announced that Group sales for the 26 weeks to 28 December 2013 are $1.096 billion, an increase of 6% over the prior comparative period.
Sales performance across the Group's three divisions are as follows:

	Total Growth	Like for Like Growth
Auto	3.7%	2.3%
Leisure	8.1%	1.6%
Sports	6.2%	5.5%

During the 26 weeks, the Auto Division opened four stores and closed two stores, the Leisure Division opened 10 stores and closed one store and the Sports Division opened nine stores and closed the remaining seven Goldcross Cycles stores. The Sports Division also acquired 21 Workout World stores towards the end of November 2013.

Gross margin has tracked in line with expectations in both the Auto and Sports Divisions. The Auto Division gross margin is tracking slightly ahead of the prior comparative period, while the Sports Division gross margin is below the prior comparative period. In the period residual trading losses from the closure of the Goldcross Cycles stores have been incurred.

Gross margin in the Leisure Division is below expectation, primarily as a result of a higher than planned level of promotional discounting across the division's three businesses during the Christmas sales period.

Group operating costs tracked in line with expectation and are slightly below the prior comparative period as a percentage of sales. The Group continued to progress investment in its multi-channel capabilities, which are an integral part of the overall growth strategy. During the period, this included implementation of the SAP system across the Sports Division, the installation of new SAP data warehousing capability and the fit-out of the new Sydney Distribution Centre.

The Group expects to report a net profit after tax of between $61 million to $62 million for the 26 weeks to 28 December, which is an increase of between 0.7% and 2.3% over the prior comparative period.

The above results are subject to period end accounting adjustments and audit review. The Group will announce its final results for the 26 weeks to 28 December 2013 on 20 February 2014.

Mr Peter Birtles, Chief Executive Officer and Group Managing Director, said the overall result was below expectation reflecting a number of short term internal challenges across all three divisions.

"We are pleased that the underlying like-for-like sales growth across our three divisions continues to be solid, and that our Auto business continues to deliver margin improvements. Good progress has been made in extending the Amart brand in Victoria and NSW with sales meeting expectations and set-up costs being expensed in the period" Mr Birtles said..

"The results reflect a number of short-term challenges across the Group and execution has not been up to the standard we expect. In particular, the implementation of new IT systems in October and November impacted all businesses, most notably the Sports Division. These IT systems issues have now been resolved. We also experienced supply issues in our Auto Division due to a range changeover in the tools category.

"The impacts of the mining slowdown and cannibalisation from new stores on like for like sales performance in our Leisure Division have been higher than expected. Increased promotional activity to drive sales performance impacted gross margin but did not achieve the projected sales uplift.

"These are predominantly internal issues and we are confident these have now been addressed. We have implemented a number of initiatives to underpin gross margin performance across all three divisions in the second half."

ENDS

For further information contact:

Peter Birtles
Group Managing Director and CEO
Super Retail Group
07 3482 7500

David Burns
Chief Financial Officer
Super Retail Group
07 3482 7500

Media Enquiries, please contact:

Ms Stephanie Paul
Managing Director
Phillips Group
07 3230 5000
0418 753 062

Ms Peta Gabriel
Senior Consultant
Phillips Group
07 3230 5000
0418 752 012