

8 May 2014

ASX/Media Announcement

Super Retail Group provides update on trading performance

Super Retail Group (SUL) has today provided an update on latest trading.

Sales Performance

Total and like for like (LFL) sales growth in the Group's three divisions for the 44 weeks up to 2 May 2014 has been as follows:

	44 weeks to 2 May 2014		18 weeks to 2 May 2014
	Total	LFL	LFL
Auto	4.2%	2.7%	3.4%
Leisure	6.8%	0.7%	-0.7%
Sports	5.9%	4.4%	2.9%

The growth in the Auto division was ahead of internal expectations given the solid growth delivered by Auto in the prior comparative period. The Auto division growth was the result of a variety of merchandising initiatives combined with the growth of the Supercheap Auto Club Plus loyalty program.

Within the Leisure division, like for like growth at Ray's Outdoors and FCO Fishing Camping Outdoors was within expectation although like for like growth at BCF Boating Camping Fishing has experienced negative growth over the last 18 weeks. BCF has continued to be affected by new store cannibalisation and weaker trading conditions in regional and mining areas which was experienced in the first half.

The growth in the Sports division is below expectations, though remains sound particularly given the solid growth delivered in the prior comparative period. A number of category initiatives have delivered below expectations.

Store Development

The Auto division now has 290 stores trading having opened and closed one store in the second half of the year. The Supercheap Auto refurbished stores have tested initiatives to create a more engaging interactive environment for its customers. These stores continue to perform well giving management confidence to increase the store refurbishment program next financial year.

In the Leisure division, BCF Boating Camping Fishing has opened one new store so far during the half year. In the balance of the half, BCF expects to open one further store by the end of June. There are currently 113 BCF, 57 Ray's Outdoors and 13 FCO Fishing Camping Outdoors stores.

The Sports division has opened two stores and closed two stores in the second half of the year. There are currently 92 Rebel, 50 Amart Sports, 1 Rebel Fit and 21 Workout World stores. The division plans to open one Rebel store and open two Amart Sports stores before the end of June.

Margin Performance

The Auto division Gross Margin performance is expected to be strong delivering improvements compared to the prior comparative period. The growth in gross margins continues to be driven by ranging initiatives, sourcing improvements and the development of private brand and exclusive product ranges. EBIT margin is tracking towards 11.8% for the full year to June 2014.

The Leisure division is expected to maintain second half Gross Margins slightly below the prior comparative period. Operating margins have not grown at the same rate as operating costs have increased as a % of sales in the second half of the financial year due to negative sales performance. Full year EBIT margin is tracking towards 6.2%.

The Sports division Gross Margin performance is expected to be below prior year comparative due to new initiatives delivering below expectations and continued bedding down of the Sports SAP introduction. Cost of doing business is expected to be higher due to the strong growth of the Amart Sports stores and increased depreciation costs associated with the investment program. EBIT margin is tracking towards 9.3% for the full year to June 2014.

This month the Group has mobilized a new distribution centre in Sydney which will ramp up to support all of the Group's brands over the next 6 months. Group costs have increased with the investment in group development programs plus unallocated distribution centre costs, combined these costs are expected to be \$10 million for the full year to June 2014. The Group is expected to recognise a \$2.2 million net after tax benefit from a review of a number of tax matters.

Dividend Policy

In accordance with the Group's dividend policy, the Board expects to declare a full year dividend in the range of 55% to 65% of earnings.

ENDS

Further information:

Peter Birtles
Managing Director
Super Retail Group
07 3482 7500

David Burns
Chief Financial Officer
Super Retail Group
07 3482 7500

David Burns will be presenting an update on Group strategy and performance at the Macquarie Securities Australian Conference on 9 May. A copy of the slides to be used in the presentation will be lodged with Australian Stock Exchange.