

Super Retail Group



Presentation to Macquarie Securities
2011 Australian Emerging Leaders Conference

Peter Birtles - Managing Director
5 May 2011

The Super Retail Group



Auto and Cycle Retailing



Auto parts and accessories, tools and outdoor

Range, Value, Convenience

273 stores



Bikes, Bike parts and accessories

Range, Value, Service

20 stores

Leisure Retailing



Boating, Camping and Fishing products and accessories

Range, Value, Expertise

78 stores



Camping and Outdoor products and accessories

Range Breadth Value, Service

48 stores

Group Logistics

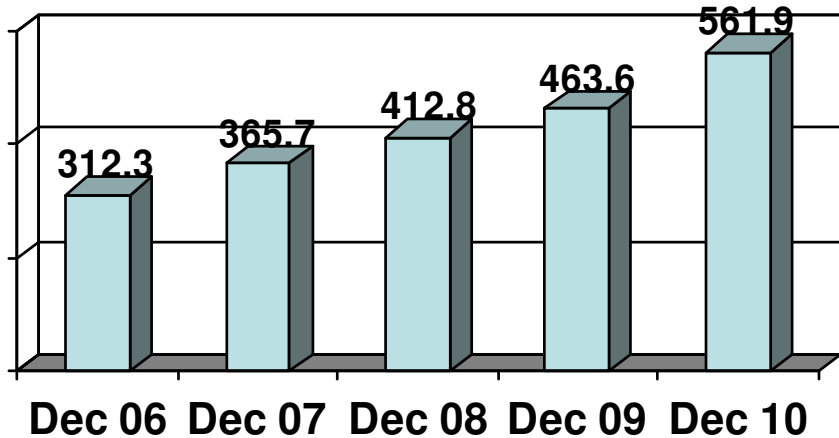
Group Operations



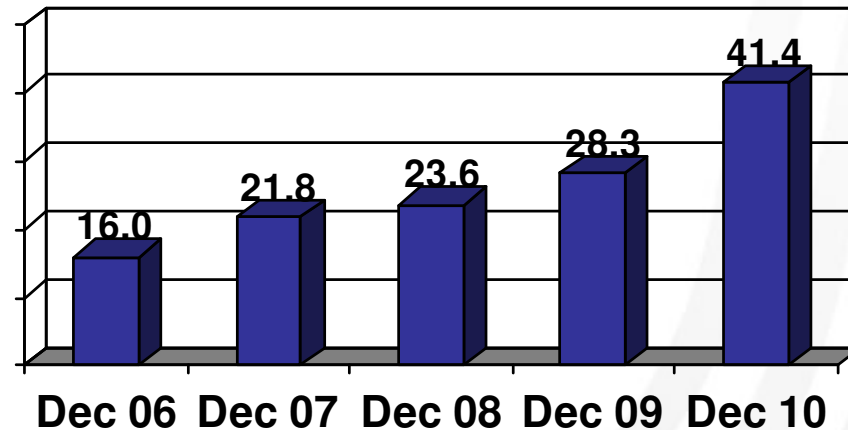
Performance Trends (Half Year Dec 10)



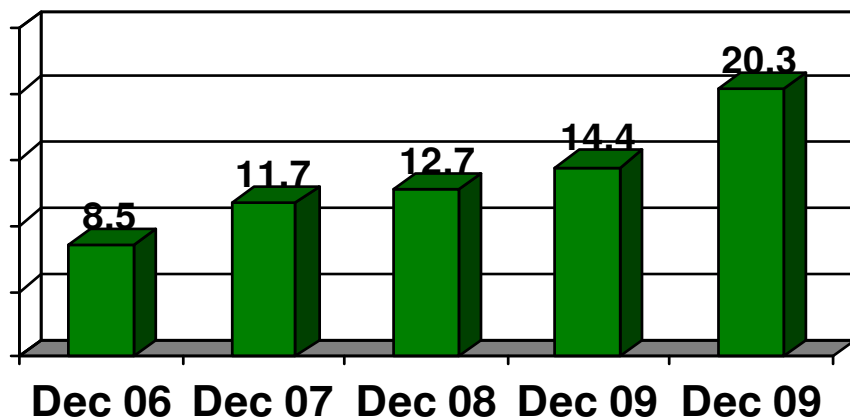
■ Sales (\$m)



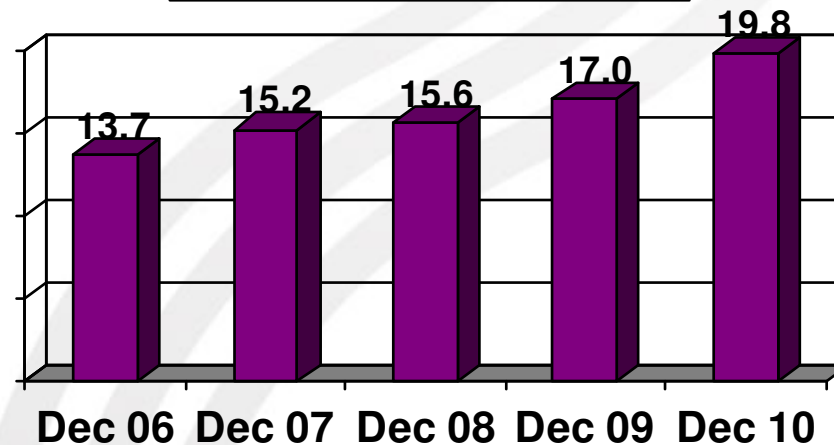
■ EBIT (\$m)



■ EPS (cents)



■ Post Tax ROC (%)





Auto & Cycle

Supercheap Auto

- LFL sales up by 4.7% in the 43 weeks to 30 April (6.7% in the 17 weeks to 30 April)
- Gross margins continue to track up on PCP in line with first half

Goldcross Cycles

- Overall performance tracking slightly ahead of 1st half
- 4 trial stores generating encouraging results – rollout to rest of stores underway
- Business review in July

Leisure

BCF Boating Camping Fishing

- LFL sales up by 4.9% in the 43 weeks to 30 April (10.6% in the 17 weeks to 30 April)
- Gross margins continue to track up on PCP in line with first half

Ray's Outdoors

- Sales continued to fall short of budget in January and February but improved to be in line with budget in March and April through impact of SUL Leisure team initiatives
- Gross margins continue to track ahead of budget

Cash Flow

Capital Expenditure

- On track for full year capital expenditure in line with projections of circa \$35 million

Net Debt

- Closing net debt for June 2011 forecast to be circa \$75 million

- Impact of changing consumer habits (underlying move from DIY to DIFM) and changes to vehicle technology on the automotive parts and accessories market
- The proliferation and growth of new sales and marketing channels and the emergence of on-line competitors
- Goldcross Cycles business performance
- Fluctuating cost of product sourced in China
- Attraction, motivation and retention of Team Members
- Increasing investment in inventory and cost, scale and complexity of supply chain operations
- Impact of increased regulatory and compliance requirements
- Future sources of value creating growth

The Group's Strategic Plan has 3 components:

- Develop Existing Group Businesses
 - Primarily store development and merchandise development initiatives with the objective of growing Sales, EBIT and ROC at a business level
- Develop Group Integrated Multi Channel Capabilities
 - Initiatives with the objective of developing the Group's capabilities (People, Process, Systems) to operate as an integrated multi channel provider of products, information and related services
- Potential New Group Businesses
 - Opportunities to organically grow and/or acquire businesses to expand the Group's operations into adjacent retail categories



(5 year goal)

**NETWORK EXPANSION
(320 STORES)**

**LFL SALES GROWTH
(> 3% PA)**

**EBIT MARGIN
(10%)**

**PRE TAX ROC
(> 40%)**

Multi Format New Store Program :
Circa 5 - 10 stores pa

Refurbishment Program
- Circa 40 stores pa

Direct Sourcing

Inventory Optimisation

Multi Channel Development

Own Brand Development

Inventory and Supply Management:
- Demand Forecasting
- Ecommerce/Master Data Mgt
- Supply Chain Methods

Range Development
- Higher growth categories
- New product introduction

Productivity Initiatives:
- Business Efficiency
- Store Manning
- Space Planning

Value Added Services
- Fitment Services
- Trade Offer

Team Member Knowledge and Skills Development

Trade Partner Collaboration
- Data Sharing
- Forecasting
- Inventory Funding
- Performance Mgt

Loyalty and CRM



(5 year goal)

**NETWORK
EXPANSION
(50 STORES)**

**LFL SALES
GROWTH
(> 5% PA)**

**EBIT
MARGIN
(7.5%)**

**PRE TAX
ROC
(> 21%)**

New Store Program :

Range Development

Direct Sourcing

Inventory Optimisation

New Channel
Development

Own Brand Development

Inventory and Supply Management:

- Demand Forecasting
- Ecommerce/Master Data Mgt
- Supply Chain Methods

Store Format Development

Productivity Initiatives:

- Business Efficiency
- Store Manning
- Space Planning

Marketing Mechanics
Development

Team Member Knowledge
and Skills Development

Loyalty and CRM



(5 year goal)

NETWORK EXPANSION
(185 STORES)

LFL SALES GROWTH
(> 4% PA)

EBIT MARGIN
(10%)

PRE TAX ROC
(> 30%)

New Store Program :
- 3 Brands
- 10 to 15 stores pa

New Channel Development

Range Development
- Water Sports / Kayak
- Trailer Camping
- 4WD accessories
- Apparel

Own Brand Development

Store Refresh program

Regional Ranging

Team Member Knowledge and Skills Development

Direct Sourcing

Inventory Optimisation

Inventory and Supply Management:
- Demand Forecasting
- Ecommerce/Master Data Mgt
- Supply Chain Methods

Productivity Initiatives:
- Business Efficiency
- Store Manning
- Space Planning

Trade Partner Collaboration
- Data Sharing
- Forecasting
- Consignment

Loyalty & CRM

Store Systems Development

FCO Business Development



"I love FCO Fishing Camping Outdoors because..

....it's the kind of store that inspire me to get into the great outdoors!

The product range is so big, I can get everything from the basics I need to the top of the range gear that I really want.

Their prices are great and the team is passionate about the outdoors, they know the product and the best places to use it."

We will be famous for:

- Fishing
- Camping
- Kayaks
- Value Outdoors Apparel and Footwear

Leading brands will be stocked - supported by appropriate private level brands

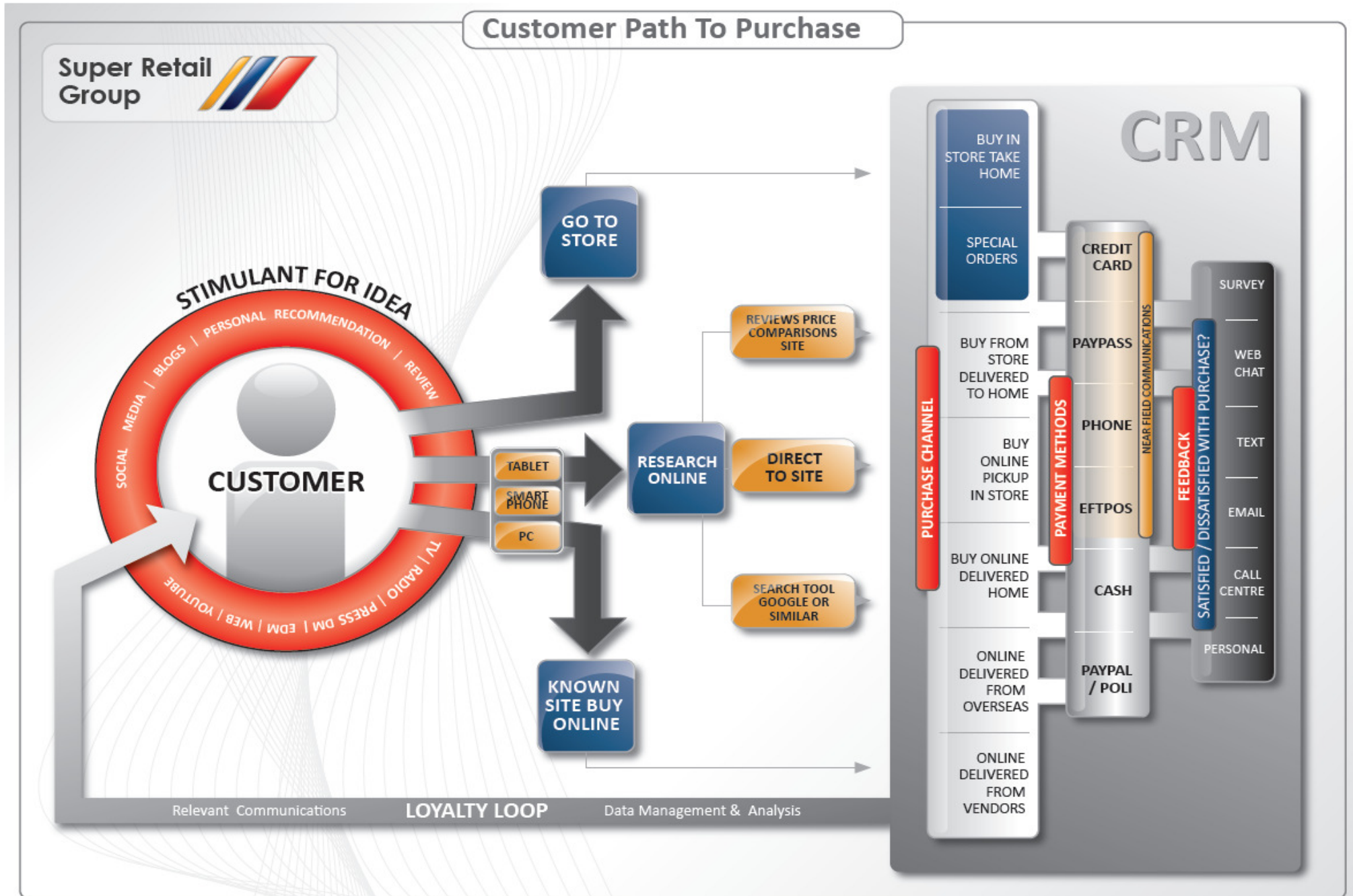
Initial focus to develop 10 stores in the North Island in FY12

Plan to develop 20 stores in the next 3 years

Standard Format : 1,500m²

Net Investment circa \$1m per store

Future Integrated Multi Channel Model



Integrated Multi Channel Development Programs

CUSTOMER OFFER

- SAP CRM implementation
- CRM analytics & direct marketing
- Website mobilisation
- Website content development
- Customer feedback
- Customer forums
- Social media

SUPPLY CHAIN

- Channel supply methods
- Cost to serve analytics
- WMS upgrade
- NZ DC expansion
- On line fulfilment model
- International logistics development
- Demand forecasting development
- China QI capability
- Group wide purchasing
- Time phased replenishment development

INFORMATION SYSTEMS

- Multi channel POS development
- Cross channel fulfilment
- POS / SAP restructure
- On line cataloguing system
- Customer 3rd party orders / delivery

2011/12 Capital Expenditure - \$7m

Team Member Development



(5 year goal)

ATTRACTION
(< 4 weeks vacancies)

RETENTION
($> 75\%$)

ENGAGEMENT
($> 77.5\%$)

SAFETY
(LTIs $< 0.15\%$)

SUCCESSION
($> 70\%$)



Potential New Group Businesses



The Group continues to investigate and evaluate opportunities to grow into adjacent retail categories.

The Group has developed a set of criteria for assessing opportunities:

- Specialty retail categories in products that customers use predominantly in their leisure time
- Products for which customers and team members can generate passion and interest
- Combination of hard goods and consumable items
- Overseas sourcing opportunities to leverage Group capability
- Product profiles suit existing supply chain / merchandising systems (e.g., not fashion / not perishable / not premium)
- Fragmented market of at least \$1.5bn – opportunity to either grow or acquire the No1 player
- 20% post tax ROC hurdle

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