

# SuperdryPlc

## Pre-Close Trading Statement

10 May 2018

### Superdry multi-channel strategy delivers strong revenue and earnings growth

Superdry Plc ('Superdry'), the Global Digital Brand, today announces a trading update covering the 16 week period from 7 January 2018, and the 26 week (the 'half year') and 52 week (the 'full year') periods ended 28 April 2018.

#### Performance Highlights

- Global Brand Revenue<sup>1</sup> increased by 22.1% to £1.6bn in FY18, driven by continued strong statutory revenue<sup>2</sup> growth in key strategic channels of Wholesale (+29.6% year-on-year) and Ecommerce (+25.8% year-on-year);
- Expectation that underlying<sup>3</sup> full year profit before taxation will be in the range of £96.5m to £97.5m, representing a further year of double-digit profit growth;
- The reach of Superdry as a Global Digital Brand increased, with entry into eight new markets in the year through our Wholesale channel and the launch of additional country-specific websites for the USA and Switzerland; and
- Significant strengthening of our Ecommerce proposition with successful implementation of an industry-leading Order Management System and extension of multi-channel capability to European and US distribution centres.

#### Revenue<sup>1,2</sup>

£M	Quarter 4			Half Year			Full Year		
	FY18	FY17	Growth	FY18	FY17	Growth	FY18	FY17	Growth
Global Brand Revenue	533.5	432.7	23.3%	847.9	709.6	19.5%	1,604.2	1,313.7	22.1%
Group Revenue	254.4	226.4	12.4%	470.0	418.0	12.4%	872.0	752.0	16.0%
Channel Revenue <sup>4</sup>									
Wholesale	128.6	101.2	27.1%	164.1	130.7	25.6%	323.4	249.5	29.6%
Ecommerce	39.7	33.6	18.2%	101.9	83.2	22.5%	163.1	129.7	25.8%
Store	86.1	91.6	-6.0%	204.0	204.1	0.0%	385.5	372.8	3.4%
Average Retail Space (000's sq. ft.)	1,175	1,035	13.5%	1,173	1,028	14.1%	1,128	983	14.8%

Superdry Global Brand Revenue increased by 22.1% to £1.604bn in FY18, with growth achieved in all key territories.

Group revenue growth of 16.0% was driven by the continued strong progress in Superdry's capital light channels, Wholesale and Ecommerce, which delivered sales growth of 29.6% and 25.8% respectively. Superdry continues to benefit from the relative weakness of sterling, and this foreign exchange impact was approximately 60bps in the fourth quarter of the year. Store-based revenues remained under pressure. In addition, throughout the fourth quarter revenues were impacted by snow disruption in key markets and lower year-on-year average temperatures at the start of the Spring/Summer season.

The performance in the full year reflects Superdry's continued focus on its four strategic pillars:

#### Global Digital Brand

We continue to strengthen awareness and perception of Superdry through our integrated digital marketing activity, collaborations and sponsorship matched to the interests and passions of our consumers. Our SuperdrySounds summer music festivals campaign re-enforces the brand's global positioning and creates a strong bond between Superdry, emerging music talent and our consumers' interest in music.

As the first part of its commitment as Official Clothing Supplier to the UK delegation for the 2018 Invictus Games in Sydney, Superdry provided branded t-shirts for each competitor at the selection trials for the UK team in April. The event was a great success, generating significant media interest.

#### World Market Opportunity

Disciplined expansion through all of the brand's eight channels to market continues. Developments during the year included new localised Ecommerce sites introduced in the US and Switzerland, a 24% increase in the number of Superdry franchise locations, with 75 franchise stores opened across 33 countries in the year and Wholesale relationships in eight new markets.

The brand's development in China remains in line with plan and underlying performance in the USA continues to be encouraging. As highlighted previously, performance in the US store base continued to be impacted by both landlord construction disruption affecting four existing stores and lower-than-anticipated tenancy levels in two key new locations. The disruption in these six stores plus the accelerated investment in bringing our US wholesale operation in-house has led the US business to make a loss of approximately £3m rather than our previous guidance for a small profit in the full year.

## Relentless Innovation

Our focus on relentless product innovation, delivering the brand's core DNA of quality, design detail and strong value for money, continued. The introduction of a range of responsibly sourced down jackets, which meet the highest ethical standards, from a price point below £100 was particularly successful. We also delivered strong growth in our iconic Vintage Entry graphic t-shirt, supported by the resurgence of the trend for original brand graphics, while ongoing brand extension in Snow and Sport introduced *Superdry* to new markets and consumers. *Superdry* opened eight standalone *Superdry* Sports franchise stores in key cities around the world that are performing well.

## Operational Excellence

We continue to develop our core infrastructure and processes, with further strong progress made in known key value drivers such as range harmonisation across the Retail and Wholesale channels. Infrastructure developments during the year included the successful implementation of an industry-leading Order Management System for Ecommerce and the extension of multi-channel capability to both our European and US distribution centres. The developments necessary to fully integrate our existing Wholesale and Retail inventory pools remain on track for implementation in Autumn 2018.

## Financial Guidance

### Current Financial Year

Primarily reflecting the impact of two aspects of previous guidance, full year gross margins are anticipated to have declined year-on-year by approximately 200bps. These key drivers are the dilutive impact of the strong growth within our capital light Wholesale channel, together with the investments made through planned clearance activities to reduce the overall carrying level of inventory.

The Board anticipates that underlying<sup>3</sup> full year profit before taxation, after the distribution centre migration and development market investment, will be in the range of £96.5m to £97.5m representing another year of double-digit profit growth.

Full year statutory profit will be affected by a non-cash impairment charge of approximately £7.2m in respect of the brand's last flagship store investment, in Berlin Kranzler, which was made in 2015.

### Forward Guidance

During FY19 we expect to generate high single-digit statutory revenue growth, led by double-digit growth in our capital light Wholesale and Ecommerce channels, as per our stated ambition, while managing ongoing challenging conditions in stores. Our commitment to future operating efficiency and the increased scale of our two key development markets will each contribute to moderate operating margin expansion.

## Euan Sutherland, Chief Executive Officer, said:

"*Superdry* has delivered another good year of brand revenue and profit growth as we have sharpened our focus on our successful Global Digital Brand strategy. We benefit from a clear brand positioning, an agile infrastructure that serves our global consumers through a truly multi-channel proposition and increasing operational excellence. Our multi-channel proposition means consumers can choose how they want to engage with the brand, allowing them to switch easily between our stores and our digital channels.

While the consumer environment remains challenging, we are confident that *Superdry's* reputation for quality, design detail and strong value for money, underpinned by our continued investment in the business, leaves us well placed. We remain focused on the growth opportunities ahead and confident in the quality of sustainable earnings growth we can deliver over the long-term."

## For further information:

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## Announcement of FY18 Preliminary Results

*Superdry* is scheduled to announce its Preliminary Results for the 52 weeks ended 28 April 2018 on Thursday 5 July 2018.

## Conference call

Superdry will be hosting a conference call for analysts and institutional investors at 08:30 hours today. A recording of the conference call will be available on [corporate.superdry.com](http://corporate.superdry.com).

**Dial in:** UK Toll Number: +44 3333 000 804  
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## Supporting Notes

1. Global Brand Revenue represents the equivalent value of the Group revenue at the prices paid by consumers. It is calculated by uplifting all revenues by applicable sales tax rates and uplifting revenues within our Wholesale channel by a factor representing the applicable mark up from wholesale to consumer prices.
2. Foreign currency sales are translated at the average rate for the month in which they were made.
3. Underlying is defined as reported results before exceptional and other items. The Directors believe that the presentation of the results in this way is an alternative analysis of Superdry's financial performance, as exceptional and other items are identified by virtue of their size, nature or incidence. This presentation is consistent with the way that financial performance is measured by management and reported to the Board and the Executive Committee and assists in providing a relevant analysis of the trading results.
4. Management have identified an offsetting allocation adjustment between the Ecommerce and Store channels that impacts the previously disclosed revenue performance for Q3 FY18 for these two channels only. The corrected channel growth for Q3 would be Ecommerce +25.4% and Store +4.8% compared to the previously disclosed values of +30.5% and +3.1% respectively.
5. Retail Space Analysis

	Closing FY17		FY18 H1		FY18 H2	
	Sq.Ft.	Stores	Sq.Ft.	Stores	Sq.Ft.	Stores
<b>Owned Stores</b>						
UK & ROI	573	99	580	102	581	102
EU	405	101	441	108	470	114
North America	76	20	101	23	128	30
<b>Group</b>	<b>1,054</b>	<b>220</b>	<b>1,122</b>	<b>233</b>	<b>1,179</b>	<b>246</b>
<b>Franchised Stores</b>		319		355		394
<b>License Stores</b>		16		17		18
<b>Branded Stores</b>		<b>555</b>		<b>605</b>		<b>658</b>

## Notes to Editors

Superdry is a Global Digital Brand, obsessed with design, quality and fit and committed to relentless innovation. We design affordable, premium quality clothing, accessories and footwear which are sold around the world. We have a unique purpose to help our customers feel amazing through wearing our clothes. We have a clear strategy for delivering continued growth via a disruptive multi-channel approach combining Ecommerce, Wholesale and physical stores. We operate in 54 countries, including our development markets of North America and China and have almost 5,000 colleagues globally.

## Cautionary Statement

This announcement contains certain forward-looking statements with respect to the financial condition and operational results of Superdry Plc. These statements and forecasts involve risk, uncertainty and assumptions because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. These forward-looking statements are made only as at the date of this announcement. Nothing in this announcement should be construed as a profit forecast. Except as required by law, Superdry Plc has no obligation to update the forward-looking statements or to correct any inaccuracies therein.

The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.