

SuperdryPlc

(“Superdry” or “the Company”)

15 October 2018

This announcement contains inside information for the purpose of Article 7 of the Market Abuse Regulation (EU) No 596/2014.

Superdry updates on trading and financial impacts

Superdry, the Global Digital Brand, updates the market on trading and financial impacts, against a backdrop of widely reported weaker consumer confidence across its key markets.

Superdry has experienced two specific factors that will impact its full-year financial performance.

Firstly, the summer and autumn to date has seen unseasonably hot weather conditions in the UK, Continental Europe and on the East Coast of the USA. Critically, these conditions have continued through into September and the first half of October and have significantly affected demand for autumn/winter product, particularly sweats and jackets, which account for around 45% of Superdry's annual sales. The effect of the weather conditions experienced in the first half of the financial year, when combined with the well-publicised challenges facing some of Superdry's trading partners, is expected to adversely impact profits for financial year 2019 by around £10m.

Superdry is now five months into its 18-month product diversification and innovation programme to broaden choice for its global consumers, which will address this reliance on heavier weight product. It is accelerating its expansion into lower participation categories (dresses, skirts, women's tops and denim) and further extending into new market segments (premium, sport and licensed product ranges) while continuing to maintain strength in its core categories (sweats, jackets and T-shirts) through a focus on more relevant innovation.

Secondly, historic foreign exchange hedging mechanisms that Superdry had put in place have not provided the same degree of protection as expected. This will lead to around £8m in additional foreign exchange costs, split evenly over the financial year.

In terms of the expected first-half sales outturn, the Company currently expects to report:

- Mid-single digit global brand revenue growth;
- Low to mid-single digit statutory revenue growth;
- Mid-single digit Ecommerce revenue growth with owned sites expected to deliver low-teens digit revenue growth;
- High-single digit Wholesale revenue growth with full-year revenue growth also expected to be high-single digit; and
- Low-single digit owned store revenue decline.

The importance of Superdry's cold weather product categories and the normal profit cycle of its business (Superdry usually delivers 70-75% of full-year profit during the second half of its financial year) mean that the Company's full-year profit will be heavily influenced by its performance in the second half. In the small number of cooler weather days in September, Superdry saw strong year-on-year performances, particularly from its cold weather product categories as footfall increased.

Given that global consumer behaviour is changing at an ever faster rate, Superdry is continuing to invest in order to further drive growth. Based on the Global Digital Brand strategy announced in September 2017, we anticipate making accelerated investments in the region of £5m in the second half of financial year 2019, in brand communication, digitisation and automation across the business and, as outlined above, product development. The investment in adapting stores for a digital world, as outlined at the Prelims in July 2018, continues at pace.

Euan Sutherland, Chief Executive Officer of Superdry, said:

“Superdry is a strong brand with significant growth opportunities, backed by robust operational capabilities, but we are not immune to the challenges presented by this extraordinary period of unseasonably hot weather. We are well prepared for peak trading, but the second half of financial year 2019 presents both risks and opportunities.

“We continue to focus on delivering efficiencies and cost savings to meet the current challenges and have confidence in our strategy for growth and so are accelerating investments in our future. There are significant opportunities ahead for Superdry in terms of geographical market expansion, category extensions and growth and the ability to leverage its multi-channel operating model in a digital world to deliver to customers in whichever way suits them best.”

Notes

1. Superdry will update on the trading performance for the first half of financial year 2019 on 8 November 2018 and on the third quarter trading on 7 February 2019. It presents its Interim Results for the first half of financial year 2019 on 12 December 2018.
2. Analyst call details will be distributed directly.

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Other

The information contained within this announcement is inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014. Upon the publication of this announcement this inside information is now considered to be in the public domain. The person responsible for this announcement on behalf of Superdry is Simon Callander, Group General Counsel and Company Secretary of Superdry.