



RNS Number : 5599S  
 Superdry PLC  
 07 November 2019

# SuperdryPlc

("Superdry" or "the Company")

7 November 2019

## Pre-Close Trading Statement Reset underway with full price stance protecting margin and brand

Superdry today announces a trading update covering the 26 week period to 26 October 2019 (the 'half year' or 'period')

### Performance Highlights

	26 weeks to 26 October 2019 ("H120") £m	26 weeks to 27 October 2018 ("H119") £m	Change
Group revenue	367.8	414.6	(11.3)%
Channel revenue <sup>(1)</sup>			
Store	157.3	178.1	(11.7)%
E-commerce	57.9	64.7	(10.5)%
Wholesale	152.6	171.8	(11.2)%
Store gross margin	71.4%	68.2%	3.2%pt
Average retail space ('000's sq. ft.)	1,187	1,186	0.1%

### Summary Highlights

- Revenue decline of 11.3% reflects an expected year of reset, and the need to address a number of legacy issues across the business.
- Retail sales decline moderated through first half, with Q2 store revenue down 9.4% versus Q1 down 13.9% as key initiatives are implemented.
- Focus on full price sales and reducing promotional activity impacting revenue but driving a 3.2%pt increase in store gross margin. Full price sales mix <sup>(2)</sup> averaging 70% H120 versus 52% H119.
- Decisive action taken and positive indicators of future performance underpin full-year expectations.

### Performance by channel

In our owned stores we are working through legacy stock whilst trading against periods of significant promotional activity in the prior year. A focus on delivering an improved customer experience and choice, with more fixtures, more stock and more options have supported the improved Q2 performance. As expected, the full price stance has resulted in a sales decline, but this has been partially offset by an improvement to gross margin.

The sales decline in E-commerce has also slowed as we have begun executing on our growth plan. This includes the injection of new product to increase choice, making legacy options available online, delivering greater personalisation, improving the shopping experience and increasing social media exposure. We are also seeing the benefit to gross margin from our full price stance, although this has been offset by lower margin third party growth.

Our Wholesale channel continues to be impacted by the previous retail strategy of heavy discounting and lower quality product, along with a change to align deliveries of forward bought product to the requirements of Wholesale customers rather than our reporting calendar. The forward order performance for our Spring Summer 2020 range is more encouraging, as Wholesale customers have reacted positively to a full price retail position and improved product design and quality.

**Julian Dunkerton, Chief Executive Officer, said:**

"We are making good progress with the start to our turnaround plan for Superdry, returning the business to its design led roots. We have always said it will take time, but we have a strong team which is working incredibly hard to deliver this plan. I'm genuinely excited by new injection product which has started to land in stores for this peak and even more excited about the new ranges signed off for next year.

We are moving the business away from a reliance on constant promotions, and while this focus on full price sales has affected revenue in the first half, this is being partially offset by a better gross margin performance. There is good momentum in the business, and I remain confident of returning Superdry to sustainable long-term growth."

**Outlook**

We have taken swift and decisive action to implement strategic changes as part of the business reset, which is a two to three year programme to gain full control of the product and costs. We are confident in delivering further benefits from reset initiatives across Superdry in the second half. However, we remain cautious about the challenging market conditions over the peak trading period.

The Interim statement will be released on 12th December 2019, including a full review of the first half profit and cash performance, along with the impact of adopting IFRS16.

	Q120 £m	Q119 £m	YOY	Q220 £m	Q219 £m	YOY	H120 £m	H119 £m	YOY
Group revenue	148.7	165.5	(10.2%)	219.1	249.1	(12.0%)	367.8	414.6	(11.3%)
<u>Channel</u>									

<u>Revenue</u> <sup>(1)</sup>									
Store	76.5	88.9	(13.9%)	80.8	89.2	(9.4%)	157.3	178.1	(11.7%)
E-commerce	24.9	28.4	(12.3%)	33.0	36.3	(9.1%)	57.9	64.7	(10.5%)
Wholesale	47.3	48.2	(1.9%)	105.3	123.6	(14.8%)	152.6	171.8	(11.2%)
Average retail space ('000's sq. ft)	1,189	1,184	0.4%	1,185	1,188	(0.3%)	1,187	1,186	0.1%

**Notes:**

- (1) As of H219, E-commerce revenue is reported net of online returns processed in stores whereas previously those online returns had been reported in store revenues. Consequently, prior year Q1 and Q2 comparatives for E-commerce and stores have been adjusted by £0.4m and £0.3m respectively in FY19 to reflect this alignment of returns to the channel of original purchase.
- (2) Full price sales mix relates to the proportion of retail sales made at RRP in full price stores and owned websites only.
- (3) H119 and H120 revenue figures are stated pre any final IFRS15 Adjustments.

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**Conference call**

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

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## Notes to Editors

Superdry is a Global 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 consumers feel amazing through wearing our clothes. We have a clear strategy for delivering continued growth via a disruptive multi-channel approach combining E-commerce, Wholesale and physical stores. We operate in 65 countries, including our development markets of North America and China and have over 4,800 colleagues globally.

## Cautionary statement

This announcement contains certain forward-looking statements with respect to the financial condition and operational results of Superdry. 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 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. The person responsible for this announcement on behalf of Superdry is Simon Callander, Group General Counsel and Company Secretary of Superdry.

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DESIGNED AND DEVELOPED BY  
**JONES AND PALMER**

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