

Thursday, 26 March 2020

ASX/Media Announcement

## Update on COVID-19

Super Retail Group Limited today provides a trading update, including information on the impact of COVID-19 on its business.

### Health and safety of team members and customers

Super Retail Group CEO and Managing Director Anthony Heraghty said "Super Retail Group is committed to supporting the efforts of government and the community to limit the spread of the COVID-19 virus. As a business, our priority is to ensure the health and wellbeing of our team members, customers, trade partners and the community in general. We have implemented a number of safety measures including the adoption of flexible working arrangements, travel restrictions, and increased hygiene and safety protocols in our stores and support offices. All decisions regarding our team members and customers' health and safety are informed by the policy and advice of the relevant government and health authorities."

### Trading update

The Group like-for-like trading update as at week 38 (week ended 21 March) is set out below.

	LFL Sales Growth (weeks 1-33)	LFL Sales Growth (5 week period weeks 34-38)	LFL Sales Growth year to date (weeks 1-38)	Total Sales Growth year to date (weeks 1-38)
Supercheap Auto	2.6%	7.5%	3.2%	4.2%
Rebel	3.8%	1.6%	3.5%	3.8%
BCF	(2.1%)	(3.0%)	(2.2%)	(1.4%)
Macpac	(5.8%)	5.0%	(4.7%)	0.3%
Total	1.7%	3.3%	1.9%	2.7%

Group gross margin percentage over this period has been steady.

To date, the Group has maintained positive sales momentum in its two largest brands and has benefitted from a diversified portfolio of businesses with store locations in both metropolitan and regional areas across Australia and New Zealand. Less than 20 per cent of the Group's stores are located in large shopping malls, where foot traffic has declined significantly, with the balance in destination homemaker centres or standalone locations.

The essential nature of many products supplied by Supercheap Auto, Rebel, BCF and Macpac remains important to the day-to-day safety and wellbeing of our customers. Across the Group, there has been an increase in demand for essential and self-sufficiency products. These items include portable gas and fuels, camping stoves, batteries, gas refills,

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generators, refrigeration equipment, hygiene products (sanitisers and wipes), water filters, water-purifying products, portable toilets and solar energy panels. These products are available from our Supercheap Auto and BCF stores in particular. While apparel sales in Rebel have been impacted, there has been an uplift in sales in personal fitness and gym equipment following the government's direction to close gyms in Australia.

The Group's online business is operating normally with customers continuing to utilise home delivery and click and collect services. As at week 38, the Group has delivered online sales growth of 21 per cent. Online sales represent approximately 9 per cent of Group sales.

While the business has performed solidly over the year to date period, the outlook for sales for the balance of the year is now highly uncertain. Given the evolving situation, Super Retail Group is not in a position to provide an estimate of the financial impacts of COVID-19 on the Group's results.

### **Stores**

All of the Group's Australian stores continue to trade. All online services in Australia (click and collect and home delivery) are available. The Group's offshore suppliers are operational and the Group's supply chain is continuing to function normally.

In response to announcements made by the New Zealand Prime Minister on 23 March 2020, the Group has closed its Supercheap Auto and Macpac stores in New Zealand for a minimum period of four weeks. The Group has 45 Supercheap Auto stores and 36 Macpac stores in New Zealand. Given these store closures, previous guidance as to the second half EBIT contribution of Macpac to the Group's performance is withdrawn. New Zealand represents less than 7% of Group revenue.

### **Cancellation of interim dividend**

Given the uncertainty regarding the duration of the COVID-19 pandemic and its potential impact on trading, the Board has decided to cancel the FY20 interim dividend of 21.5 cents per share, which was announced to the market on 20 February 2020. This will result in \$43 million of cash being retained in the business. In the present environment the Board believes that preserving cash is the most prudent course of action to maintain liquidity and protect shareholder value. As a result of this decision, the Group's dividend reinvestment plan has been suspended.

Anthony Heraghty said, "COVID-19 and its impact on our business and the community is uncertain and changing rapidly. We are taking all actions available to us to best navigate the Group through this difficult period. We remain focused on continuing to provide essential and self-sufficiency products to our valued customers."

### **Debt facilities and liquidity management**

The Group has a \$635 million bank debt funding facility with a spread of maturities out to December 2023. In addition, the Group has secured credit approval for a new \$100 million bilateral liquidity facility with ANZ Bank.

The Group is taking steps to manage its liquidity position and preserve cash. This includes actions to reduce the Group's cost base, defer non-essential capital expenditure, manage working capital, reduce inventory levels and utilise government tax relief, and other support measures. The Group is pleased with the engagement with major suppliers and landlords to agree appropriate terms in the present environment.

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The release of this announcement has been authorised by the Super Retail Group Limited Board.

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