



## **SuperGroup Plc SUPERGROUP [LSE: SGP] 1H17 PRE-CLOSE TRADING RESULTS: STRONG REVENUE GROWTH**

- Supergroup reported 1H17 revenue growth of +31.1% year over year to £334.0 million, in line with the consensus estimate. New retail space contributed 15.0% to total sales growth. Retail comparable store sales increased 12.8% year over year in 1H17.
- 1H17 gross margin is expected to contract by 130bps, mainly reflecting a greater share of lower-margin wholesale revenues, as well as the dilutive impact from targeted clearance activity. The channel mix impact will contribute to about 80-90bps of gross margin erosion.
- The company expects 1H17 profit to fall in the range of £20-22 million, suggesting 9% year-over-year growth at the range midpoint, and FY17 profit to be in line with market expectations of £84.6 million. In 2H17, the company expects small gross margin accretion after some initial headwinds from input cost inflation. If this is delivered, this would suggest FY17 gross margin erosion of 40-60bps.

### **1H17 RESULTS**

Supergroup, owner of the Superdry apparel brand, reported 1H17 revenue growth of +31.1% year over year to £334.0 million, in line with the consensus estimate. New retail space growth contributed 15.0% to total sales growth.

1H17 retail revenue increased +25.0% year over year to £215.2 million. Retail comparable-store sales increased 12.8% year over year to £215.2 million. The company opened 12 owned stores in 1H17, all outside of the UK, and new store square footage increased by 19.0% year over year.

Wholesale revenues grew 43.8% year over year to £118.8 million in 1H17. The impact of sterling weakness accounted for approximately one-third of reported sales growth in each of the group's operating divisions.

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Good progress continued to be made in development markets North America and China, and the brand continued to build traction in the US market with continued strong e-commerce growth and new store openings in Manhattan, Philadelphia and Orlando performing well.

### **2Q17 RESULTS**

2Q17 retail sales increased 25.1% year over year and comparable sales increased 13.7% year over year. The company expanded square footage by 18.9% and had 210 stores at the end of 2Q17.



## FLASH REPORT

**GUIDANCE**

The company expects 1H17 profit to fall in the range of £20-22 million, suggesting 9% year-over-year growth at the mid-point of the range, and FY17 profit to be in line with market expectations of £84.6 million.

In 2H17, the company expects small gross margin accretion after some initial headwinds from input cost inflation. If this margin accretion is delivered, this would suggest FY17 gross margin erosion of 40-60bps.

FY17 revenue consensus estimates stand at £694.5 million, implying annual year-over-year growth of 16.2%. Consensus expects operating profit of £85.0 million, implying an adjusted FY17 EBIT margin of 12.2%. FY17 EPS is forecast at £0.82, up 15.5% year over year.



FLASH REPORT

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