

**Accent**  
**Group**



BELL POTTER  
EMERGING LEADERS  
CONFERENCE

14<sup>th</sup> of September 2021

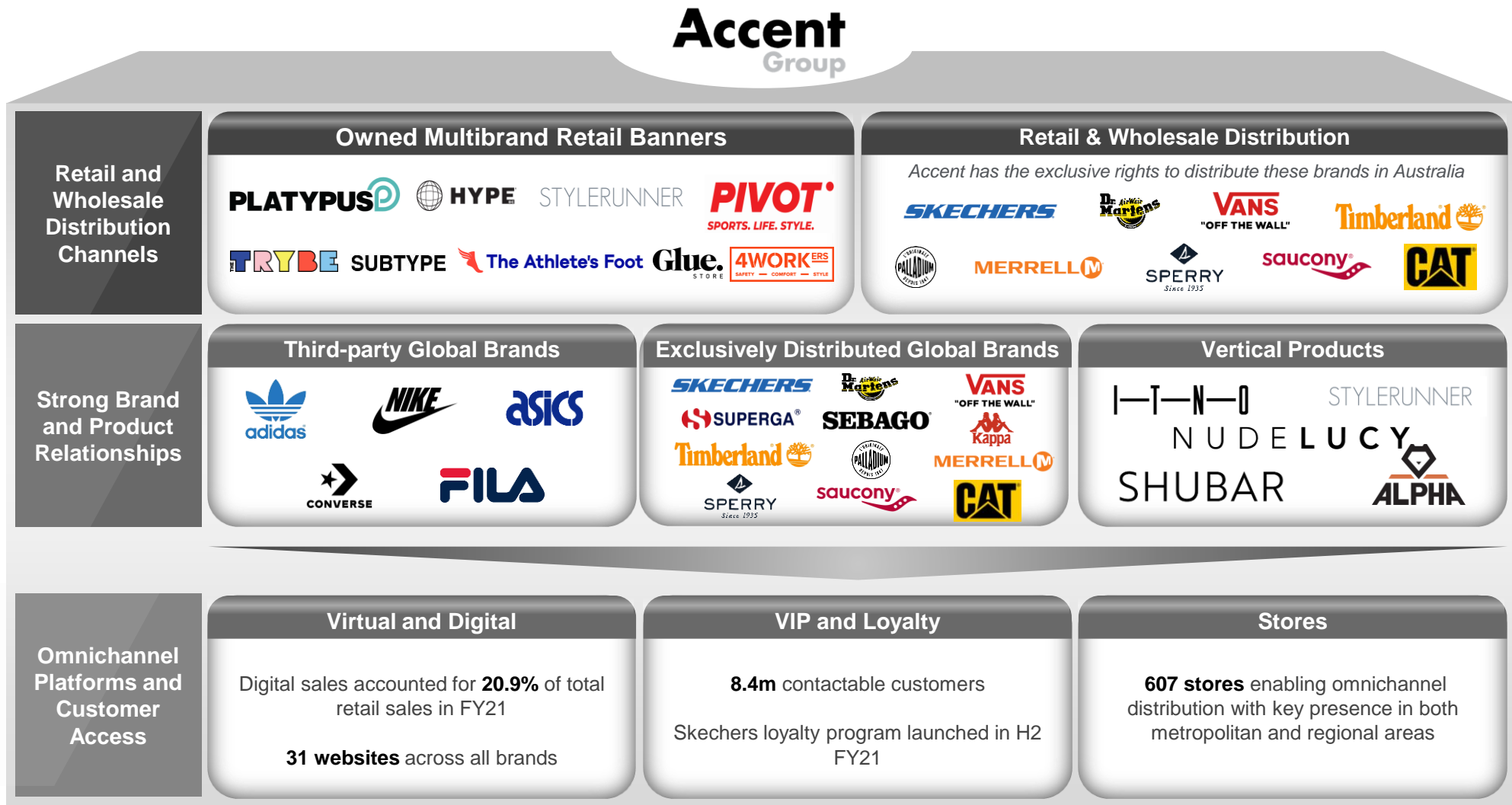
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# Accent Group overview

Accent Group is the largest retailer and wholesaler of premium lifestyle footwear in the Australia and New Zealand region.



# Value creation and investor value proposition

## Total Shareholder Return <sup>(1)</sup> comparison Accent and ASX200 (30 June 2010 to 25 June 2021<sup>(2)</sup>)



**A market leading digitally integrated consumer business with 31 websites, 28 owned and distributed brands, 607 retail stores facilitating omnichannel distribution and over 8.4m contactable customers.**

- Over \$1.1 billion of sales with a market leading position in the lifestyle and performance market.
- Best in class margins through gross margin expansion initiatives and drive for cost efficiency.
- Strong future growth initiatives through Stylerunner, Glue Store, digital and new stores, to achieve market share growth in the \$6+ billion performance and lifestyle market segment in Australia and New Zealand.

Source: Bloomberg, Accent Filings.

1. Assumes 100% dividend reinvestment on the ex-dividend date.
2. Year ended 27<sup>th</sup> of June 2021. Last day of ASX trading 25<sup>th</sup> of June 2021.

# Record FY21 sales and profit

## Key Metrics<sup>(1)</sup>

| \$'000's                       | FY21           | FY20 <sup>(2)</sup> | % Change       |
|--------------------------------|----------------|---------------------|----------------|
| EBITDA                         | 242,015        | 202,871             | <b>+19.3%</b>  |
| Group Sales (inc. Franchisees) | 1,138,239      | 948,935             | <b>+19.9%</b>  |
| <b>EBIT</b>                    | <b>124,905</b> | 94,537              | <b>+32.1%</b>  |
| PBT                            | 110,999        | 80,092              | <b>+38.6%</b>  |
| NPAT                           | 76,923         | 55,517              | <b>+38.6%</b>  |
| Digital Growth                 | 48.5%          | 68.9%               |                |
| Vertical Owned Brand Sales     | 25,647         | 12,621              | <b>+103.2%</b> |
| EPS                            | 14.21 cents    | 10.28 cents         | <b>+38.2%</b>  |
| Full Year Dividend             | 11.25 cents    | 9.25 cents          | <b>+21.6%</b>  |

1. All results in this release are presented on a statutory post AASB16 basis and include the Next Athleisure (Glue store) acquisition for the period of ownership 30 May 2021-27 June 2021, unless otherwise noted.
2. FY20 results restated due to IFRIC agenda decisions on Software as a Service ("Saas") accounting policy. Refer to note 3 in the statutory financial statements and page 21 of this presentation for reconciliation

## STYLERUNNER





# Operational highlights

## Record Sales

**Over \$1.1b**

First time to achieve over \$1b in sales

## VIP & Loyalty

**8.4 million**  
Contactable customers

Additional 1.6m contactable customers in FY21

## New Stores

**90**  
new stores opened

All new stores trading ahead of budget

## Vertical Owned Brands

**\$25.6m**  
sales

+103.2% sales growth in FY21

## Digital Growth

**+48.5%** on FY20

20.9% of retail sales

## StyleRunner

**4**  
Current stores trading

All stores trading well ahead of expectations  
15 new stores to open by early 2022

## Accent Lifestyle

**Glue Stores & Trend Imports acquisition**

Integration and growth plan on track  
6 new stores signed

## Skechers

**Licence agreement renewed to 2032**



Digital sales continued to grow **+48.5% on FY20 to \$209.9m**, contributing to **21% of total retail sales**

**8.4m** contactable customers **+1.6m**

Website sessions for the Group increased by **24.4%**

**4 new websites launched:**  
StyleRunner, Hype NZ, Doc Martens NZ Pivot

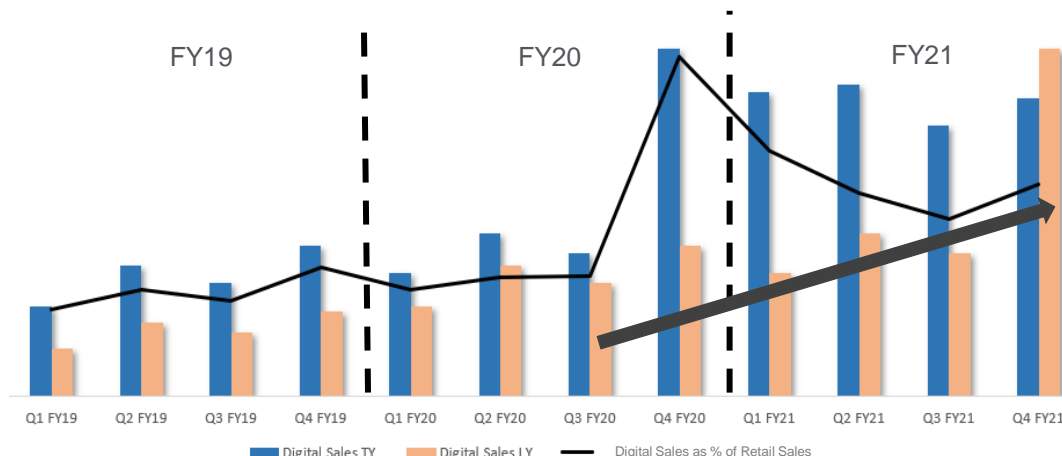
**Fulfilled 31% more orders** than in FY20

Site traffic **grew by 53.4%**

Launched **Skechers Loyalty Program**

1. Percentages shown in the table represent growth on the same period last year

## Digital Sales Growth



## Key Metrics<sup>(1)</sup>

|                                      | FY20<br>Full Year | H1<br>FY21 | H2<br>FY21 | FY21<br>Full Year |
|--------------------------------------|-------------------|------------|------------|-------------------|
| Digital Sales                        | +69.0%            | +109.6%    | +16.2%     | +48.5%            |
| Website Sessions                     | +32.9%            | +53.4%     | +7.2%      | +24.4%            |
| Orders                               | +52.0%            | +99.9%     | (0.7%)     | +30.8%            |
| Conversion Rate                      | +14.2%            | +31.6%     | (7.4%)     | +5.1%             |
| Avg. Order Value                     | +0.1%             | +8.0%      | +2.6%      | +4.7%             |
| Digital as a % of Total Retail Sales | 17%               | 22.3%      | 19.7%      | 20.9%             |

# Virtual & VIP

## Virtual:

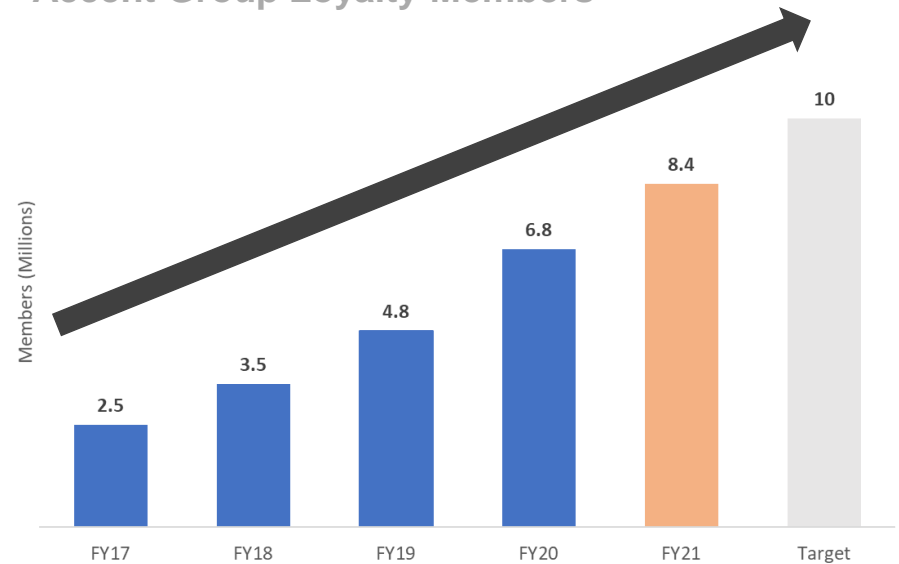
- **\$6.3m** in virtual sales FY21, run rate of over \$100k per week in FY21. Virtual sales program was launched in April 2020
- Dedicated virtual sales hubs launched in the Melbourne and Sydney support offices
- ~40,000 orders transacted through the virtual sales channel



## VIP:

- **8.4m** currently contactable customers
- Objective is to grow our customer database to **10m** customers
- Skechers loyalty program successfully launched in March '21 with strong early results. 250,000 new customers since launch. Hype and Platypus to launch in FY22

Accent Group Loyalty Members





## Growth Plan

- Significant focus and growth on developing StyleRunner The Label
- Significant focus on margin growth through vertical owned brands (Stylerunner The Label, Exie and Nude Lucy) and other key brand partners
- Store opening program ramping up. At least 20 stores planned to be trading by early 2022, including New Zealand market entry
- 40 stores identified to be trading by Christmas 2022
- Targeting a 60+ store network in Australia and New Zealand within the next 3 years
- International shipping commenced to USA, Singapore, and Hong Kong. Strong early results and testing the US market



Stylerunner Armadale



Stylerunner Claremont





## Growth Plan

- Significant margin improvement initiatives underway, leveraging Accent's capabilities
- New world class store concept to launch before Christmas
- Grow to a network of at least 60 stores by December 2023
- Continue growth in vertical owned brands. Currently 25% of Glue sales. Target to grow to 40% of Glue sales
- Digital currently 20% of sales. Plan to more than double digital sales dollars by FY25
- Continued growth in wholesale through Superga, Sebago, K-Way and Kappa distribution agreements and wholesale sales of owned brands (Nude Lucy, Article One, Le Coq Sportif and First Muse)



Glue Chadstone store plan



# Growth plan update

## Objectives



### Digital and Virtual

- ✓ Significant investment under way in evolving our website with more than 10 new and re platformed best in class websites planned to open in FY22
- ✓ Continued investment in virtual sales capability

- On track to grow to **30% of retail sales**
- Virtual sales target of more than **\$10m**



### VIP and Loyalty

- ✓ Contactable database now 8.4 million customers
- ✓ Hype and Platypus loyalty programs to launch in FY22

- Target contactable customers of **10 million**



### Stores

- ✓ Continued strong store opening schedule expected into FY22
- ✓ Store focus across all banners on growth in New Zealand where the group currently has 75 stores, targeting more than 100 by Dec 2023
- ✓ The Athlete's Foot franchise buyback program continues

- At least **65 new stores** expected to open in FY22 across all banners



### Vertical

- ✓ Continue to drive margin improvement
- ✓ All multi branded banners now have vertical development programs well established and growing

- Target of **\$70m in vertical brand sales** in FY22



### StyleRunner

- ✓ Continued growth in StyleRunner The Label and Exie mix within StyleRunner
- ✓ Online delivery to USA, Singapore and Hong Kong launched in July

- **20 StyleRunner stores** expected to be trading by early 2022
- Targeting 60+ stores within the next 3 years



### Glue

- ✓ 22 stores (inc online)
- ✓ Gross margins continue to improve drive by distributed brands and vertical products

- 4 new stores planned to open before Christmas
- 60 stores planned by December 2023



### PIVOT and The Trybe

- ✓ PIVOT rollout on track
- ✓ The Trybe sales and brand momentum continue to grow, store rollout continuing. Sales in FY21 were up 66.4% on prior year

- **15 PIVOT stores** expected to be trading by December 2021

# Dividends and trading update

## Dividends

- Accent Group has announced a final dividend for FY21 of **3.25 cents** per share, fully franked, payable on **16 September 2021** to shareholders registered on **9 September 2021**
- Total dividends for FY21 of **11.25** cents per share, fully franked, are up 21.6% on prior year (FY20, 9.25 cents)
- Accent Group continues to be defined by strong cash conversion and the consistent strong returns it delivers on shareholders' funds

## Trading Update

- The lockdowns and government mandated store closures experienced in Victoria, South Australia, New South Wales, Queensland and the ACT during the first 7 weeks of FY22 have impacted retail sales in more than 350 stores, over 55% of our store portfolio
- For the first 7 weeks of H1 FY22, LFL retail sales<sup>(1)</sup> across the whole network are down (-16%) on the same period in the prior year
- Digital sales continue to grow and over the last 3 weeks, with New South Wales and Victorian stores largely closed, were up 66.7%

## Outlook

- The Company estimates that the group EBIT impact due to the COVID related disruption experienced across the months of July and August will be at least -\$15m compared to management expectations prior to the lockdowns
- Whilst the duration of the current lockdowns is unknown and we remain cautious on the near-term outlook, we expect this to have a temporary impact on the trading environment. The company remains in a strong position with a flexible and resilient business model, a database of 8.4 million contactable customers, a strong balance sheet and conservative gearing levels. The company continues to invest for the future in new stores, digital capability and new business formats
- Due to the uncertain trading environment relating to COVID-19, Accent Group has determined not to provide guidance for the FY22 full year

1. Like for like retail sales include TAF Franchises sales, Digital sales and exclude Glue stores



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