

17 February 2021

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# Super Retail Group Limited

## Retailing

### HOLD

**SUL A\$11.58**
**TARGET PRICE A\$11.62**

Super Retail Group Limited (SUL) is primarily involved in retailing of auto parts and accessories, tools and equipment, retailing of boating, camping, outdoor equipment, fishing equipment and apparel and retailing of sporting equipment and apparel. The Group has three divisions namely Auto, Outdoor and Sports.

#### Company Data

Number of shares	225.8 M
Market Capitalisation	\$ 2,615.1 M
Free float (%)	69.8.0
12-month high/low	\$12.65/\$3.54
Average Daily Turnover (\$m)	7.7087
% S&P/ASX200	0.14%
DDM Ranking	265
% All Ordinaries	0.11%
GICS Industry Group	Retailing

Source: FactSet, Barclay Pearce Capital

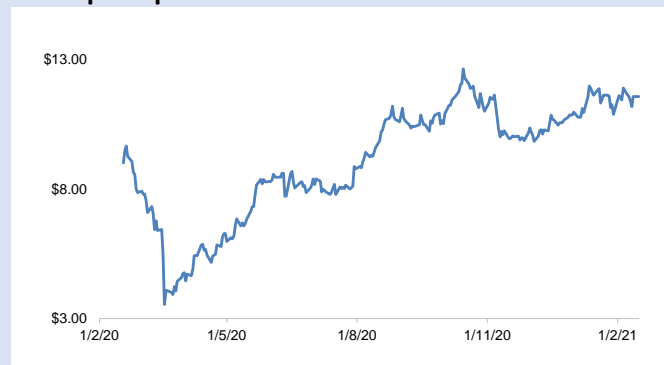
#### Earnings Summary (AUD)

Year end June	2020A	2021F	2022F	2023F
Revenue (\$M)	2,825.2	3,306.2	3,151.5	3,190.6
EBITDA (\$M)	533.2	697.4	606.6	602.9
Reported NPAT (\$M)	110.2	244.7	184.6	188.6
Adjusted NPAT (\$M)	148.2	251.7	185.5	188.8
Reported EPS (c)	55.8	115.9	83.2	86.2
Adjusted EPS (c - FD)	78.0	114.1	83.8	83.5
Adjusted EPS growth (%)	1.9	46.3	-26.6	-0.4
Adjusted P/E (x)	14.8	10.1	13.8	13.9
Dividend (c/sh)	19.5	69.7	54.3	54.9
Gross yield (%)	2.4	8.6	6.7	6.8
Net yield (%)	1.7	6.0	4.7	4.7
ROIC (%)	15.1	23.9	17.4	13.2

Source: Barclay Pearce Capital

Barclay Pearce Capital contributes all company estimates to Thomson Reuters, FactSet, Nucleus 195, Capital IQ and Bloomberg.

#### Share price performance.



Source: FactSet, Barclay Pearce Capital

## FY21 Half Yearly Report

On 17<sup>th</sup> February, Super Retail Group (SUL) released their interim results for the half year ended 18 January 2021 with the following highlights:

#### Highlights

- Total Group sales up 23 per cent to \$1.78 billion;
- Group like-for-like sales growth of 24 per cent;
- Online sales up 87 per cent to \$237.4 million;
- Group segment EBITDA up 95 per cent to \$311.4 million;
- Group segment EBIT margin up 6.4 per cent to 14.4 per cent;
- Statutory NPAT up 201 per cent to \$172.8 million;
- Underlying NPAT up 139 per cent to \$177.1 million;
- Fully franked interim dividend of 33.0 cents per share;

SUL CEO and Group Managing Director, Anthony Heraghty said, "We are pleased with a first half financial performance characterised by robust top-line growth, higher gross margin and strong operating leverage. Our omni-retail capability has been instrumental in enabling the Group to pivot towards shifting consumer spending habits and deliver profitable growth, underpinned by strong digital sales. We would like to again thank all of our team members whose unwavering efforts have enabled us to meet the unique challenges of COVID-19, capitalise on the unprecedented level of consumer demand and deliver a record result."

#### Trading Update

	H1 Like-for-like sales % (weeks 1-26)	H2 Like-for-like sales % (weeks 27-33)	Year to date Like-for-like sales % (weeks 1-33)
Supercheap Auto	19.6	23.1	20.3
rebel	17.1	18.4	17.4
BCF	50.8	71.2	55.1
Macpac	(3.3)	8.0	(1.2)
Group Total	23.8	30.5	25.2

Strong trading momentum has continued, particularly in BCF, with Group like-for-like sales of 30.5 per cent in the first seven weeks of the second half.

Mr Heraghty said "It has been a positive start to the second half, with strong trading across all of our brands.

We remain well positioned to benefit from positive consumer sentiment and elevated consumer demand in the domestic outdoor leisure and travel sectors.

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## Earnings changes

For H1 FY21 SUL reported an underlying NPAT of \$177.1M and Revenue of \$1.78 billion. This was largely in line with market consensus as SUL had experienced higher sales from the COVID-19 pandemic. Hence, we expect no significant earnings revisions for FY21 and future periods.

## Valuation

We are updating our valuation on SUL with a price target of \$11.62 and a HOLD recommendation. The price target is underpinned by our Valuation.

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Barclay Pearce Capital provides research services to its client. Mr Wright is General Manager of Research and has over twenty (26) years' experience in the financial services industry, particularly in financial analysis and research report writing. Mr Wright joined the Barclay Pearce team in 2017 where he has been involved in the research and publication of reports. Prior to this Mr Wright worked at a number of entities where he held Director/Head of Research and General Manager of Research positions. Mr Wright holds a Bachelor of Mathematics (Honours) from Edinburgh University and has completed the SDIA Accreditation Program (RG146) through DeakinPrime.

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**Hold** – Describes stocks that are neither a buy nor underperform.

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**NR** – The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Barclay Pearce Capital policies.

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### Valuation Methodology

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Buy	40.2%	( 0.0% of stocks with recommendations are Barclay Pearce clients)
Speculative Buy	0.4%	( 100.0% of stocks with recommendations are Barclay Pearce clients)
Hold	19.5%	( 0.0% of stocks with recommendations are Barclay Pearce clients)
Underperform	40.0%	( 0.0% of stocks with recommendations are Barclay Pearce clients)