

ASX Announcement

TRADING UPDATE 23 NOVEMBER 2018

Accent Group Limited (ASX: AX1) announced today that it now expects EBITDA for H1 FY19 to be between 15%-20% ahead of the same period last year.

The full year FY18 results announcement in August 2018 outlined that Accent Group was targeting mid-single digit EBITDA growth in FY19 through:

- Low single digit LFL store growth, continued strong growth in digital and growth from new stores.
- Continued margin improvement through increasing vertical brands penetration, new emerging brands and reduced discounts (which will primarily benefit H1).
- The Athlete's Foot new corporate store acquisitions program which is expected to be EBITDA neutral for FY19 after implementation costs.

Overall, results for the first 20 weeks of FY19 have been materially stronger than expected.

This is as a result of:

- LFL sales after the first 20 weeks up 2.5% on last year and on track to our expectations. The Group has remained focused on the strategy of "No Lazy Retailing", removing discount driven core promotional activity.
- Digital growth being stronger than expected, up 88% on prior year,
- Increased new store openings, with more than 40 stores now targeted to open in FY19 against 30 stores originally planned. New stores opened to date are trading ahead of expectations.
- Stronger gross margin than expected, more than 300bp ahead of the prior year YTD, with LFL margin dollar growth tracking higher than LFL sales growth.
- The buyback of The Athlete's Foot stores is ahead of plan with 39 stores now under corporate ownership. We now plan to have around 50 corporate stores by the end of FY19.

Accent Group CEO, Daniel Agostinelli, said "We are delighted with the results achieved for the first 20 weeks of FY19. Whilst we still have a significant proportion of the H1 and annual EBITDA to achieve in the key Christmas and back to school periods through December and January, our operational plans are well set for this trading period. Based on the strong results achieved to date in H1, and if LFL sales continue to track at low single digit growth, EBITDA for H1 is now expected to be between 15%-20% higher than the prior year. The outlook for H2 FY19 has not changed and the

Group is still targeting mid-single digit EBITDA growth for the second half. In H1, margin improvement has been a key driver of the increased profit guidance. In H2, we do not expect the same margin impact as we will be cycling through an already improved margin from the second half of the prior year.”

For further information contact:

Matthew Durbin
Chief Financial Officer
+61 3 9977 5213
+61 411 406 766

Media enquiries:

Shannon Amato
AMPR
+61 3 9428 2299
+61 435 815 586