



Development of the Leisure Retail Business

Ray's Outdoors

Peter Birtles, Managing Director
27 April 2010

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- 1 Transaction highlights
- 2 Ray's Outdoors
- 3 Strategic rationale
- 4 The new Super Cheap Auto Group
- 5 Financial summary
- 6 Funding arrangements
- 7 Timetable
- 8 Trading update
- 9 Key risks

Transaction highlights



Ray's Outdoors

- Super Cheap Auto Group has entered into an agreement to acquire the business of Ray's Outdoors
- Ray's Outdoors is an outdoor leisure retailer with a broad camping and leisure offering operating through a network of 38 stores in five states

Strategic rationale

- Ray's Outdoors is a strong brand which is highly complementary to BCF
- The Company has the capital and systems to accelerate the growth of the business
- Potential to grow the combined BCF/Ray's Outdoors business to c.160 stores and c.\$600 million in sales (well above BCF's standalone potential)
- Potential for significant back office synergies across the Company

Purchase price

- Purchase price of \$54.0 million
 - represents an EV/EBIT multiple of 7.2x FY2011
 - subject to downward adjustment depending on stocktake outcome

Financial benefits

- The acquisition is expected to be EPS accretive in FY2011, growing to high single digit accretion in FY2012 (based on consensus broker estimates)

Funding

- The transaction will be equity funded with an underwritten institutional placement and a non-underwritten share purchase plan

Timing

- Limited conditions precedent (landlord consents for certain sites, satisfactory completion of the stocktake), which Super Cheap Auto Group expects should be satisfied by the end of May 2010

4

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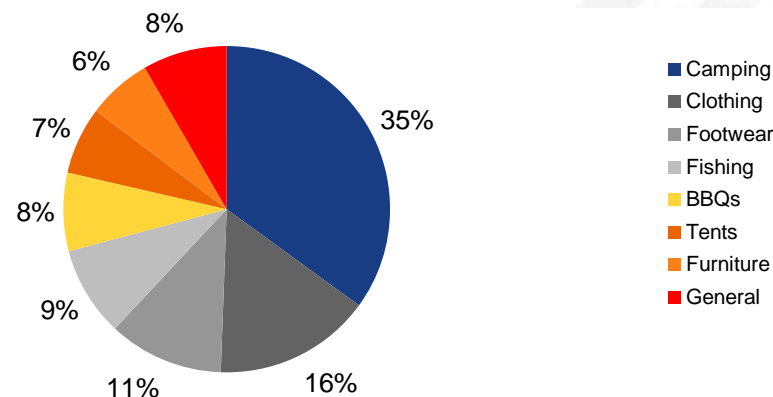
Highlights

- Established 1958, Ray's Outdoors is one of the most widely recognised camping and leisure brands in Victoria
- Ray's Outdoors has a broad camping and leisure offering—camping equipment and accessories, clothing and footwear, fishing, BBQs and outdoor furniture
- Stable of successful 'own brands' (Wild Country, Outdoor Expedition, Great Outdoors, Classic Outdoor)
- Supplemented by high profile third party brands (e.g. Akubra, Blundstone, Beef Eater, Bushman, CAT, Coleman, Columbia, Engel)
- Two businesses – Ray's Direct and Ray's Wholesale

Key metrics

- 38 stores in five states
- One distribution centre (Victoria)
- Last twelve months sales of c.\$125 million
- c.800 employees

Product offering



Note:
1 Based on FY2009A sales

The transaction will create a category leading Leisure Retail business with two complementary and distinct brands



BOATING • CAMPING • FISHING

- Primarily a destination offering—focus is on depth of range in certain segments, i.e. BCF
- Core customer is a fishing enthusiast
- Limited apparel offering
- Particular strength in Queensland
- Specialises in national brands, supplemented by own brands
- Has had the benefit of the financing capacity, scale and support systems of Super Cheap Auto Group



- Convenience offering—focus is on breadth of range
- Appeals to a wider range of consumers—outdoor leisure/lifestyle focus including apparel, outdoor furniture, BBQs
- Particular strength in Victoria
- Specialises in own brands, supplemented by national brands



Ray's Outdoors' broad outdoor leisure offering is delivered through a big box format



BCF Boating Camping Fishing



BCF provides a specialised, destination style offering for the outdoor enthusiast



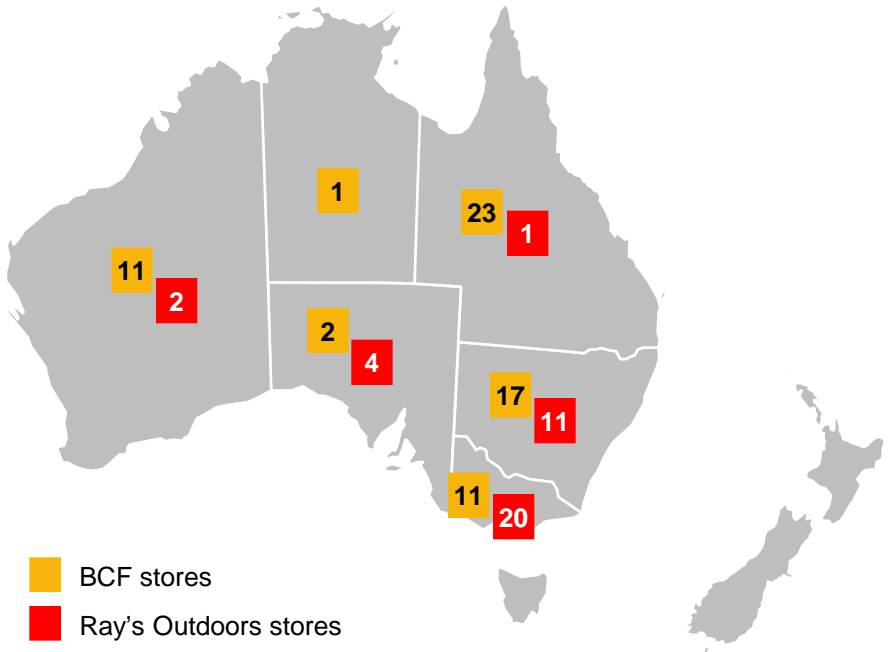
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Significant growth potential

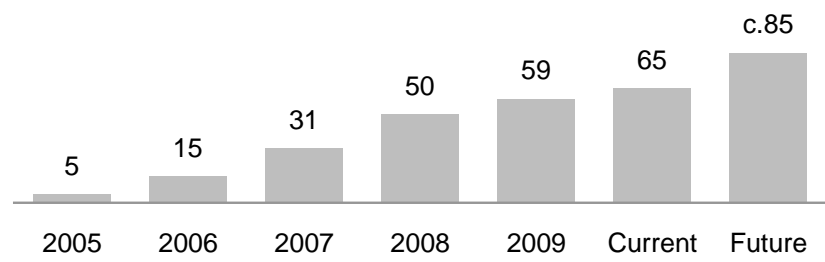


The Leisure Retail business will have 103 stores and over \$400 million in sales with the potential to grow to c.160 stores across Australia and New Zealand and c.\$600 million in sales

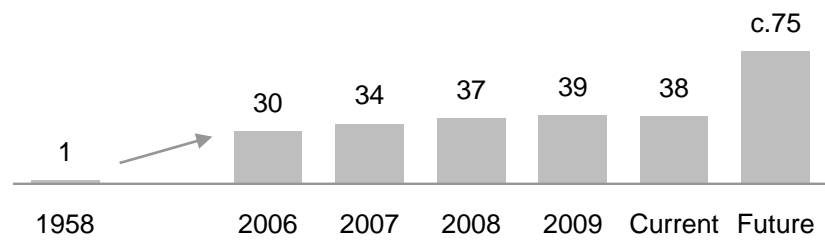
Store footprint



BCF store growth



Ray's Outdoors' store growth



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Super Cheap Auto Group and Ray's Outdoors will leverage complementary strengths to accelerate the growth of the Company as a whole

Growth from scale

- The Company has the capacity to finance and support “step change” store roll out for Ray's Outdoors

Improved systems for Ray's Outdoors

- Opportunity to improve inventory, financial controls and employee incentive arrangements

Group wide cost synergies

- Opportunities across:
 - procurement
 - supply chain and logistics
 - administrative functions
 - senior management
 - operations management

New expertise across the Leisure Retail business

- Ray's Outdoors brings apparel, design and sourcing expertise
 - potential to extend to BCF, Goldcross and SCA
- BCF's technical expertise offers range improvement potential to Ray's Outdoors

The new Super Cheap Auto Group



Peter Birtles (CEO)
Gary Carroll (CFO)

Ray Frost will remain a consultant
to Leisure Retailing

Auto and Cycle Retailing



David Ajala
Chief Operating Officer

266 stores

20 stores

Leisure Retailing



Steve Doyle
Chief Operating Officer

65 stores

38 stores

Group Logistics

Group Operations

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Financial summary

- Super Cheap Auto Group has the ability grow Ray's Outdoors by 10–15 stores per year over the next three years
- In FY2011 Ray's Outdoors is expected to generate
 - c.\$130 million sales
 - c.\$7.5 million EBIT for the Leisure Retail business
 - c.\$1 million of synergies for the Company above this, growing to c.\$2 million p.a. by FY2012
- Ray's Outdoors will target EBIT margin of c.7.5% by FY2013
- Integration costs expected to be \$1.1 million over two years

Acquisition metrics

- The acquisition is expected to
 - achieve the Company's acquisition internal rate of return hurdle of 20%
 - be EPS accretive in FY2011, growing to high single digit accretion in FY2012 (based on consensus broker estimates)
 - further improve the Company's balance sheet and credit metrics (due to equity funding)

Super Cheap Auto Group will finance the transaction by an issue of equity

- Purchase price \$54.0 million
 - \$52.5 million to be paid in cash
 - \$1.5 million to be paid in shares
- Corresponds to an acquisition multiple of 7.2x FY2011 EBIT
- Additional funds raised to fund the Company's capital expenditure and working capital requirements and to increase the Company's financial flexibility
 - As part of the transaction, Super Cheap Auto Group will assume obligations to discharge a fixed \$7.5 million of trade creditors

Institutional placement

- \$76.3 million institutional placement fully underwritten by Macquarie Capital Advisers and UBS
- \$4.80 per share offer price
- SCA FT is not participating in the placement with a view to increasing the Super Cheap Auto Group free float

Share purchase plan

- Existing Super Cheap Auto Group shareholders with a registered address in Australia or New Zealand on the record date will have the opportunity to acquire up to approximately \$10,000 of new shares under a share purchase plan at \$4.80 per share
- If applications for shares under the SPP exceed \$10 million, the Company may, in its absolute discretion, undertake a scaleback to the extent and in the manner it sees fit

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Key events	Dates
Trading halt and announcement	27 April 2010
Institutional bookbuild	27 April 2010
Existing shares recommence trading	28 April 2010
SPP record date	30 April 2010
Placement settlement date	3 May 2010
Allotment and trading of placement shares	4 May 2010
SPP offer period	10–21 May 2010
Allotment and trading of SPP shares	27 May 2010
SPP holding statements dispatched	31 May 2010



- 266 stores at 27 April 2010
- LFL sales up by 5.6% in the 16 weeks to 24 April building on 9.3% LFL growth in the prior comparative period
- EBIT margins continue to track up on PCP in line with first half improvement



- 65 stores at 27 April 2010 (2 stores to open 1 May)
- LFL sales up by 2.0% in the 16 weeks to 24 April building on 17.4% LFL growth in the prior comparative period
 - Qld down 3.0% (due to adverse weather conditions), other States up 7.0%
- EBIT margins continue to track up on PCP in line with first half improvement



- Trading in line with forecasts provided to the market at the time of the Company's half year results
 - Qld delivering strong LFL growth, Vic delivering negative LFL growth
- The Company remains confident that it will leverage its retail capabilities to roll out a profitable business model



- Cash flow performance continues to be strong—expected to generate c.\$30m underlying reduction in net debt, before taking into account this transaction
 - as disclosed previously, as a result of FY2010 being a 53 week year, a timing issue arises such that creditor payments at the start of July will increase headline net debt at year end by c.\$35 million above what it would have been at the end of a 52 week year

- As with Super Cheap Auto Group, the key risk to Ray's Outdoors is the general retail and economic environment which might result in Ray's Outdoors' financial performance being weaker than anticipated
- Additional risks connected with the acquisition which might affect the financial performance of Ray's Outdoors are:
 - execution risk around store roll out, growth and synergies
 - integration risk, including systems integration
 - maintaining a distinct brand identity for Ray's Outdoors
 - integrating company cultures
 - loss of key people



Appendix A



Assets to be acquired



Assets to be acquired (ex Goodwill) under the transaction (\$m)

Stock	30.0 ¹
Fixed assets	12.0
Cash	0.2
Employee liabilities	(2.0)
Trade creditors ²	(7.5)
Net assets	32.7

Notes:

- 1 Subject to stocktake completion adjustment
- 2 The Vendor is aggregating trade creditors in one line as part of a restructure prior to sale and will represent the sole trade creditor at completion