

27 April 2010

ASX Announcement

Super Cheap Auto Group Limited (ASX: SUL)

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ACCOUNT OR BENEFIT OF, US PERSONS

Development of the Leisure Retail Business

Acquisition of Ray's Outdoors

- Super Cheap Auto Group agrees to acquire Ray's Outdoors for an enterprise value of \$54.0 million¹
- Combined with BCF, Ray's Outdoors will form part of Super Cheap Auto Group's market leading "Leisure Retail" business
- Transaction to be equity funded through a fully underwritten institutional placement and a non-underwritten share purchase plan

TRANSACTION OVERVIEW

Super Cheap Auto Group Limited (**Super Cheap Auto Group** or the **Company**) today announced that it has entered into an agreement to acquire Ray's Outdoors, a leading outdoor leisure retailer.

Super Cheap Auto Group has agreed to pay \$54.0 million¹ for the business, representing a multiple of 7.2x EV / FY2011 forecast EBIT.

The transaction will be funded through equity issuance, comprising a fully underwritten institutional placement and a non-underwritten share purchase plan.

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

ABOUT RAY'S OUTDOORS

Ray's Outdoors has a broad camping and leisure offering with a network of 38 stores operating in 5 states. Ray's Outdoors, which has been in operation for over 50 years, has a number of privately branded product ranges, such as Wild Country, Outdoor Expedition and Classic Outdoor, specifically designed for Australian conditions.

¹ Subject to purchase price adjustments at completion following any movement in inventory following a stocktake

STRATEGIC RATIONALE

Managing Director, Peter Birtles, said “Ray’s Outdoors will be merged with the BCF Boating Camping and Fishing business to create a market leading Australian Outdoor Leisure Retailer with two distinct brands, operating 103 stores with combined annualised sales of approximately \$400 million. Over time, we believe there is capacity to grow the network to 160 stores across Australia and New Zealand with approximately \$600 million of sales.”

“BCF and Ray’s Outdoors are highly complementary brands: BCF provides a deep, destination style offering for the outdoor enthusiast, while Ray’s Outdoors provides a broad outdoor leisure and lifestyle offering for a wider range of consumers. Ray’s Outdoors will extend our offering into a number of new categories, including apparel and outdoor furniture”.

Super Cheap Auto Group expects to be able to provide the capital and expertise to accelerate Ray’s Outdoors’ growth and store roll out.

In addition, Super Cheap Auto Group anticipates a range of synergies with the broader Company, including in procurement, supply chain, marketing, operations management, administrative functions and senior management.

FINANCIAL RATIONALE

Along with BCF, Ray’s Outdoors will form part of a broader Leisure Retail business.

Ray’s Outdoors is expected to deliver Super Cheap Auto Group:

- c.\$130 million in sales in FY2011;
- c.\$7.5 million in EBIT to the Leisure Retail business in FY2011; and
- c.\$2.0 million of additional synergies to the broader Company by FY2012.

Super Cheap Auto Group has identified an opportunity to grow the Ray’s Outdoors store network by 10 – 15 stores per annum over the next 3 years, and will be targeting EBIT margins of 7.5% by FY2013.

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

The Company also expects the acquisition to meet its internal rate of return hurdle of 20%.

KEY CONTRACTUAL TERMS

Under the transaction, the acquisition consideration of \$54.0 million will comprise \$52.5 million of cash and \$1.5 million of shares (to be issued at completion based on a 30 day VWAP pre-completion).

Super Cheap Auto Group will acquire a newly formed company owning identified assets and liabilities of the Ray’s Outdoors business. The transaction is subject to limited conditions and, accordingly, the Company expects the acquisition to complete by the end of May 2010. The material conditions are:

- consent by certain landlords to the assignment of their leases to Super Cheap Auto Group; and
- satisfactory completion of a stocktake. In any event, if the stocktake results in inventory being valued at less than \$30 million, there will be a downward adjustment to the purchase price.

From a working capital perspective, in addition to inventory, Super Cheap Auto Group will assume obligations to discharge a fixed \$7.5 million of trade creditors².

The founder of Ray's Outdoors, Mr Ray Frost, has entered into a two year consultancy agreement with Super Cheap Auto Group to ensure continuity, and has entered into certain "non-compete" covenants.

TRANSACTION FUNDING

The \$52.5 million acquisition cash consideration will be funded through equity. Super Cheap Auto Group will also raise additional funds to fund its capital expenditure and working capital requirements and to increase its financial flexibility.

In addition, Super Cheap Auto Group will fund part of the purchase price through the direct issue of \$1.5 million of shares to the vendor.

Institutional Placement

Super Cheap Auto Group has today launched a fully underwritten institutional placement of 15.9 million new shares at a price of \$4.80 per share to raise \$76.32 million. Super Cheap Auto Group's major shareholder, SCA FT, will not participate in the placement, with a view to increasing the Company's free float. No shareholder approval is required or will be sought in relation to the institutional placement.

The institutional placement has been fully underwritten by Macquarie Capital Advisers Limited and UBS AG, Australia Branch.

Super Cheap Auto Group expects to announce the outcome of the institutional placement to the market prior to the start of trading on 28 April 2010, with trading in existing shares expected to recommence on ASX at the start of trading on that day.

Share Purchase Plan (SPP)

Existing Super Cheap Auto Group shareholders with a registered address in Australia and New Zealand on the record date for the SPP (30 April 2010) will have the opportunity to acquire up to approximately \$10,000 worth of new shares at a price of \$4.80 per share under a non-underwritten share purchase plan. If applications for new 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.

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.

Information on the SPP will be sent to shareholders and will be made available on the Company's website: www.supercheapautogroup.com.

TRADING UPDATE

Super Cheap Auto Group has continued to deliver a pleasing trading performance for the first 16 weeks of the second half.

Supercheap Auto

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

BCF Boating Camping Fishing

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

Goldcross Cycles

- 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

Super Cheap Auto Group's cash flow performance continues to be strong, with the Company expecting to generate a c.\$30 million reduction in underlying net debt over the period, 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.

ENDS

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Important Information:

This announcement contains certain “forward looking” statements. The words “anticipated”, “expected”, “projections”, “forecast”, “estimates”, “could”, “may”, “target”, “consider” and “will” and other similar expressions are intended to identify forward looking statements. Forward looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements including projections, indications or guidance on future earnings or financial position and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. There can be no assurance that actual outcomes will not differ materially from these statements. To the full extent permitted by law, Super Cheap Auto Group and its directors, officers, employees, advisers, agents and intermediaries disclaim any obligation or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions.

An investment in Super Cheap Auto Group ordinary shares is subject to investment and other known and unknown risks, some of which are beyond the control of Super Cheap Auto Group, including possible delays in repayment and loss of income and principal invested. Super Cheap Auto Group does not guarantee any particular rate of return or the performance of Super Cheap Auto Group nor do they guarantee the repayment of capital from Super Cheap Auto Group or any particular tax treatment. Persons should have regard to the risks outlined in the Presentation accompanying this announcement released to ASX on 27 April 2010.

Past performance information given in this announcement is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

This announcement is not an offer or an invitation to acquire Super Cheap Auto Group ordinary shares or any other financial products and is not a prospectus, product disclosure statement or other offering document under Australian law or any other law. It is for information purposes only. This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to any ‘U.S. person’ (as defined in Regulation S under the U.S. Securities Act of 1933, as amended (“Securities Act”) (“U.S. Person”). Super Cheap Auto Group ordinary shares have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States or to, or for the account of benefit of, any US Person unless the stapled securities have been registered under the Securities Act, or in a transaction exempt from, or not subject to, the registration requirements of the Securities Act.

This announcement is not financial advice or a recommendation to acquire Super Cheap Auto Group ordinary shares and has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek such legal, financial and/or taxation advice as they deem necessary or appropriate to their jurisdiction.

Super Cheap Auto Group is not licensed to provide financial product advice in respect of Super Cheap Auto Group ordinary shares.

APPENDIX A

KEY 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 May – 21 May 2010
Allotment and trading of SPP shares	27 May 2010
SPP holding statements dispatched	31 May 2010

These dates are indicative only and are subject to change without notice. Subject to the requirements of the Corporations Act 2001 (Cth) ("Corporations Act"), the ASX Listing Rules and any other applicable laws, Super Cheap Auto Group has the right, with the consent of the underwriters, to amend the timetable in its absolute discretion, including to extend the closing date for the SPP, to close the SPP early, to withdraw the offer at any time prior to the allotment of new shares under the SPP and/or to accept late applications either generally or in specific cases. If the closing date is extended, the subsequent dates may also be extended.