

23 February 2011

ASX/Media Announcement

Super Retail Group announces first half results

Super Retail Group Limited (ASX:SUL) today announced a 60% increase in net profit after tax to \$24.9 million for the 26 week period to 1 January 2011.

Highlights from the results include:

- A 41% increase in the Group's underlying first half EBIT (adjusting for trading calendar variations and a prior period goodwill impairment charge of \$2.0 million)
- Solid like for like sales growth achieved in both Supercheap Auto and BCF
- Increased gross margin in both the Auto and Cycle and the Leisure Retailing divisions
- A 41% increase in Earnings Per Share over the prior comparative period
- Strong operating cash flow performance delivered an \$8 million reduction in Net Debt despite a \$28 million investment in store development
- Successful integration of the Ray's Outdoors business achieved in line with plan.

The Directors declared a fully franked interim dividend of 11.5 cents per share, an increase of 35% over the prior comparative period. The dividend will be paid on 5 April 2011 with a record date of 4 March 2011. The Company will again provide shareholders with the opportunity to reinvest their dividends through the Dividend Reinvestment Plan.

Super Retail Group Managing Director Mr Peter Birtles said the results were a testament to the resilience of the Supercheap Auto and BCF Boating Camping Fishing businesses and the benefits of continued investment in store development, range development, trade partnerships, supply chain and team member development.

"These results build on the strong momentum we've established throughout the Group and reflect the strength of our business model," he said.

"We are particularly pleased with the positive outcomes we've achieved from our investment in strategic initiatives over the past five years, which are evidenced in these results.

"During the period, we've successfully managed to maintain sales growth, while also investing in our store network and delivering improvements in our business operations.

"This progress has provided a solid platform for the continued growth of our Group."



www.supercheapauto.com.au



www.bcf.com.au



www.goldcross.com.au



www.raysoutdoors.com.au

AUTO AND CYCLE RETAILING

Sales increased by 6.6% to \$360.5 million.

Supercheap Auto's like for like sales growth was 3.4%, building on like for like growth of 6.1% in the prior comparative period. Goldcross Cycles' like for like sales growth was negative 13.5%, reflecting the slowdown in the bicycle market. During the 26 week period, the division opened nine new stores and refurbished 10 others, including one as a Superstore, resulting in 293 stores trading at the end of December 2010.

EBIT grew by 43.8% to \$27.2 million, with the EBIT margin increasing by 1.9% points.

Gross margins increased by 1.7% points over the prior comparative period as the division benefited from product range management, own brand development, sourcing initiatives, a reduction in supply chain costs and the stronger Australian dollar.

Operating costs as a percentage of sales reduced by 0.2% points. This reduction resulted from efficiencies in space management and support functions.

LEISURE RETAILING

Sales increased 60% to \$201.4 million, reflecting the contribution from the Ray's Outdoors business and the opening of 15 new stores.

BCF's like for like sales growth was 1.5%, building on like for like sales growth of 8.8% in the prior comparative period. This positive result was respectable given the number of wet weeks along the East Coast of Australia during the period. The division had 122 stores trading at the end of December 2010.

EBIT grew by 60% to \$18.2 million.

Gross margins increased by 1.7% points, reflecting the contribution of the higher gross margins of the Ray's Outdoors business and improvements in BCF, driven by product range development, supply chain efficiencies and improved trading terms.

Operating costs as a percentage of sales increased by 1.7% points, reflecting the higher service, and, therefore, higher costs associated with the sale of products such as outdoor furniture, BBQs, apparel and footwear in the Ray's Outdoors business.

CASH FLOW AND NET DEBT

Operating cash flow pre store investment at \$59.7 million was \$10 million higher than the prior comparative period, after adjusting for timing differences.. Closing Net Debt of \$70.5 million was \$8.3 million lower than at the end of June 2010, despite investing \$28.3 million in new and refurbished stores during the half.

Net Debt remains well within the Group's facility limits and all associated banking covenants have been comfortably achieved.

LOOKING AHEAD

Mr Birtles said the second half had started well for the Group, with strong sales growth and continued momentum.

"Like for like sales growth has been around 4% in both Supercheap Auto and BCF Boating Camping Fishing for the first seven weeks of the second half," Mr Birtles said.

“This is particularly pleasing given the depressed retailing and adverse weather conditions experienced during this period.

“Both of our businesses are on track to improve gross margins over the full year.

“We have a strong business model, focused strategy and expect continuing growth opportunities for our business in the future.

“We plan to continue to grow our store network, opening two to three new Auto & Cycle stores and four to six new Leisure stores during the second half.”

ENDS

Further information:	Mr Peter Birtles Managing Director Super Retail Group 07 3482 7500	Mr Gary Carroll Chief Financial Officer Super Retail Group 07 3482 7500
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Peter Birtles and Gary Carroll will be presenting the results by teleconference today at 10.00 am (daylight saving time). To listen to this presentation go to the Boardroom Radio website (brr.com.au)

Released through:	Ms Stephanie Paul Phillips Group 07 3230 5000
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