



Super Retail Group

Results for the 26 weeks to 1 January 2011

Peter Birtles, Managing Director
Gary Carroll, Chief Financial Officer
23 February 2011



Group Highlights

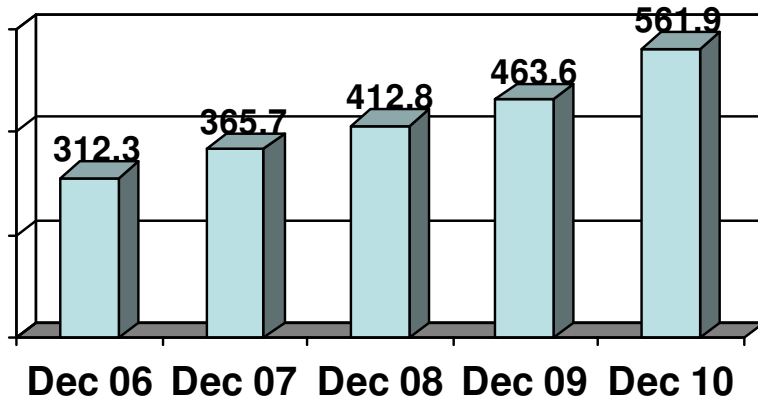
- Group Net Profit After Tax up by 44% over PCP on an underlying basis
- Group EBIT up by 41% over PCP on an underlying basis
- Group Sales up by 21.2% over PCP

- Maintaining solid like for like sales growth in key SCA and BCF brands
- Strong gross margin performance across all brands
- Goldcross Cycles sales performance was behind plan, although encouraging progress has been made in business improvement initiatives
- Successful integration of Ray's Outdoors business into the Group, although sales have been impacted by legacy ranging, pricing and inventory management issues
- Strong operating cash flow performance driven by working capital management
- \$28.3 million invested in new and refurbished stores
- Continued improvement in Team Member retention

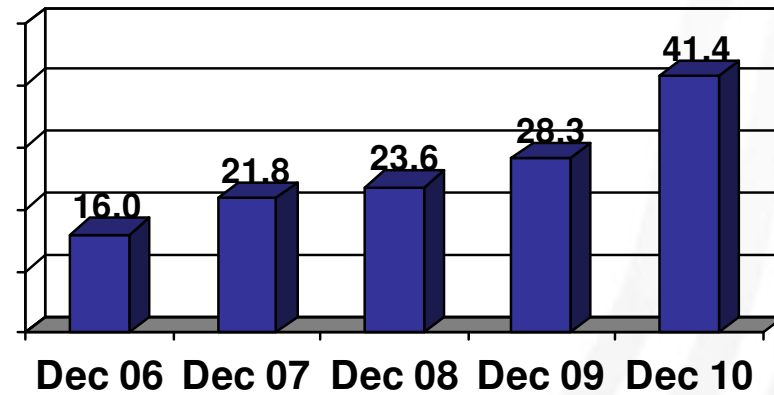
Performance Trends



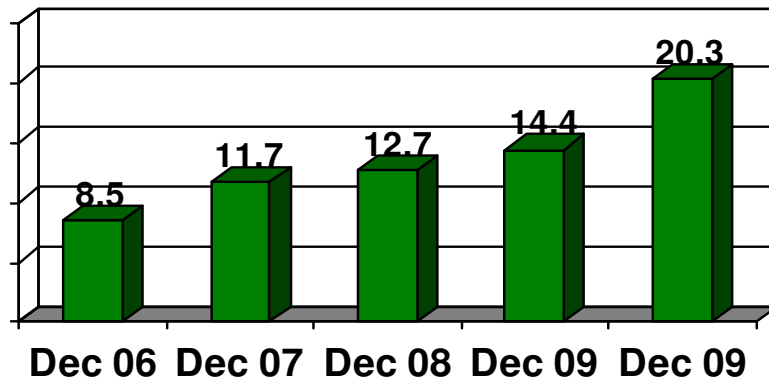
■ Sales (\$m)



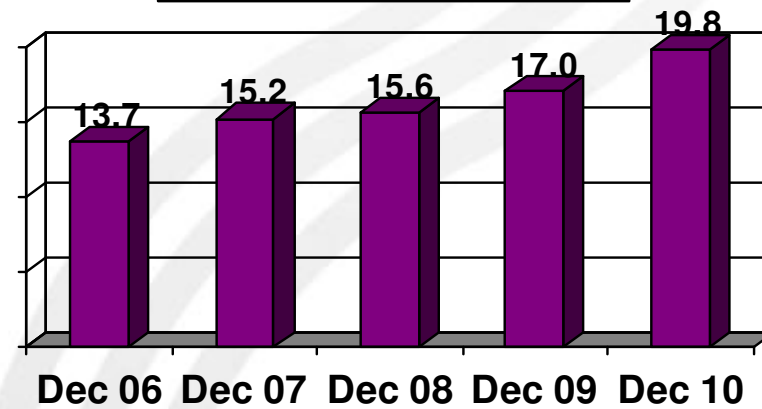
■ EBIT (\$m)



■ EPS (cents)



■ Post Tax ROC (%)



Group Results

- Strong performance driven by top-line growth and gross margin improvement
- Solid sales growth in both SCA and BCF through both new store and LFL growth
- EBIT margin growth in both divisions
- Group NPAT impacted by
 - \$1.3m acquisition costs relating to Ray's Outdoors (post-tax)
 - \$1.0m benefit relating to extra trading days compared to PCP (post-tax)
 - \$2.0m goodwill impairment charge in PCP (post tax)
- Underlying Operating Cash Flow was approximately \$4m ahead of PCP after adjusting for timing differences
- Net Debt decreased by \$8m from June due to strong cash flow generation
- Total Interim Dividend payment increased by 61%, representing 60% payout ratio

2010/11 – 26 weeks to 1 January 2011

2009/10 – 26 weeks to 26 December 2009

	2010/11 \$m	Change on pcp
Sales	561.9	21.2%
EBITDA	53.0	38.4%
EBIT excl pcp goodwill w/o	41.4	46.4%
NPAT	24.9	60.4%
Operating Cash Flow	42.7	\$(6.3m)
Net External Debt	70.5	-\$8.3m (since June)
Interim Dividend	11.5c	+3.0c

Business Unit Results

	2010/11		2009/10	
	Sales	EBIT	Sales	EBIT *
	\$m	\$m	\$m	\$m
Auto & Cycle Retailing	360.5	27.2	338.1	18.9
Leisure Retailing	201.4	18.2	125.5	11.4
Group Costs**		(4.0)		(1.9)
Total Group	561.9	41.4	463.6	28.3

* - excludes goodwill impairment charge

** - Group Costs include \$1.8m in non-recurring restructuring and integration costs relating to the Ray's Outdoors acquisition, \$0.6m in DC/office rental costs that have been retained at Group level, and \$1.6m public company costs



Auto & Cycle Retailing



- Supercheap Auto delivering an excellent result
- Maintained momentum in LFL sales growth through the year building on 6.1% growth in PCP. Growth driven by new products, own brand range development, supply performance and marketing and promotion
- Further improvements in gross margin driven by trading terms, overseas sourcing, own brand development, supply chain efficiencies and stronger A\$.
- 7 new stores, one closure and 10 stores refurbished including 1 as Superstore – 273 stores at 1 January
- Goldcross Cycles sales performance continues to be impacted by market, with discounting more than offsetting increased unit sales
- Growth in penetration of own brands and re-engineering of supply chain has resulted in increased gross margins despite market discounting
- Two new stores were opened during the period, taking store numbers to 20 – slow progress with relocating/resizing 8 oversized stores

	2010/11 \$m	change on pcp
Sales	360.5	6.6%
LFL Sales (SCA)		3.4%
LFL Sales (GX)		(13.5)%
Gross Margin	41.3%	+1.7%pts
EBITDA	35.1	32.0%
EBITDA Margin %	9.7%	1.9%pts
EBIT	27.2	43.8%
EBIT Margin %	7.5%	+1.9% pts

Leisure Retailing



- 7 BCF stores opened during the period to bring total stores to 76; 8 Ray's Outdoors stores opened to take total stores to 46
- BCF LFL growth was impacted by continued adverse weather along East Coast – LFL growth excluding Queensland was 7.7%
- Strong gross margin performance driven by trading terms, increase in direct overseas sourcing and supply chain efficiencies and higher Australian dollar
- Higher cost to sales ratio reflects the forecast impact of the higher operating costs of the Ray's Outdoors business model compared to the BCF model
- The integration of Ray's Outdoors was completed on time and budget with synergy benefits ahead of expectations
- Ray's Outdoors sales for H1 have been impacted by legacy ranging, pricing and stock management issues – greater visibility following SAP implementation

	2010/11 \$m	change on pcp
Sales	201.4	60.5%
LFL Sales - BCF		1.5%
Gross margin %	45.4%	+1.7%pts
EBITDA	21.9	59.9%
EBITDA margin %	10.9%	-%pts
EBIT	18.2	30.2%
EBIT Margin %	9.1%	-%pts

Group Cash Flow

- Headline Operating Cash Flow was impacted by the timing of payment of December creditors relative to PCP
- On a like-for-like basis, operating cash flows pre store set up investment increased by approximately \$10m in 2011
- Total organic growth investment of \$28.3m being fully funded out of operating cash flows
- New and Refurb Store Set Up Investment:
 - Auto and Cycles : \$6.4m
 - Leisure : \$10.6m
- Store fit-out:
 - \$1.7m Auto & Cycle new stores and \$3.7m in refurb/relocations
 - \$5.9m in Leisure new stores
- Other Capex:
 - IT - \$3.6m vs \$3.5m last year, with focus areas being CRM and inventory systems
 - Supply Chain - \$0.4m vs \$0.1m
 - General capital projects – \$3.2m vs \$2.0m

6 months to December	2010/11	2009/10
	\$m	\$m
Operating cash flow (pre store set up investment)	59.7	59.2
New store set up investment (costs & inventory)	(17.0)	(10.2)
Operating cash flow	42.7	49.0
Investing activities:		
- Store fitout	(11.3)	(9.7)
- Other capex	(7.2)	(5.6)
- Business Acquisition	-	(1.3)
Financing activities:		
- Dividends & interest	(17.1)	(13.6)
- Ext Debt repay/proceeds	(10.0)	(5.5)
- Equity Issues	1.5	1.4
Net cash flow	(1.4)	14.7

Group Balance Sheet

- SCA average inventory of \$563k per store is in line with PCP, with continued focus on supply chain efficiencies and stronger A\$ offsetting the increased stock weight of higher value products
- BCF average inventory per store down by 8% compared to PCP, due to increased number of smaller stores and focus on supply chain improvements
- Increase in Plant & Equipment primarily as a result of capital expenditure in new and refurbished stores
- Net Debt decreased by \$8.3m as a result of continued focus on working capital management

	Dec 10 \$m	Jun 10 \$m
Inventory		
- Auto and Cycle	170.4	160.7
- Leisure	121.5	92.4
Total	291.9	253.1
(Trade creditors)	(146.1)	(99.6)
Net inventory investment	145.8	153.5
Plant and Equipment	108.0	105.3
Net External Debt	70.5	78.8

Returns & Capital Ratios



- Improvement in EPS and fixed charge coverage ratio reflect the improved profit performance
- All cover ratios are well within covenanted levels
- CBA and HSBC have joined ANZ to provide \$190m club debt facility, split between \$100m term debt and \$90m working capital
- Profit delivery and Equity issue have improved debt to capital ratio and ROC continues to grow
- Effective FX rate for the year was 0.91, up from 0.78 in pcp. Based on existing hedging position, 2010/11 full-year FX rate expected to be around 0.93
- *All ratios are calculated on underlying results (pre goodwill impairment, Ray's Outdoors acqn costs and interest rate swap MTM adjustment)*
- *Adjusted capital includes leases capitalised into debt at 6x annual charge*

	2010/11	2009/10
EPS – reported	20.3c	14.4c
Fixed charge cover	1.99x	1.95x
Average Net Debt	\$110m	\$135m

	2010/11	2009/10
Net debt : capital		
- Headline	20.0%	36.7%
- Adjusted	68.4%	75.4%
Annualised post tax ROC		
- Headline	19.8%	17.0%
- Adjusted	15.3%	14.5%



Group Strategy Update



SUPERCHEAP
AUTO

BCF
BOATING • CAMPING • FISHING

GOLDCROSS[®]
cycles

Ray's Outdoors



- Channel Development
 - Potential for around 320 stores including 20 superstores
 - Refurbishment program at circa 30 stores per year
 - Ongoing development of on-line
 - Ongoing development of trade offer
- Merchandise and Marketing
 - Rollout of extended tools offer
 - Trade partnership program
 - Own brand range development
 - Space planning initiative
- Team Development
 - Learning and development programs
 - Store manning models



- Channel Development
 - Potential for around 150 stores across Australia and New Zealand
 - Relocating 7 existing stores
 - Web site & online sales development
- Merchandise and Marketing
 - Own brand range development
 - Supply chain development
 - Goldcross Club
 - Targeted marketing
- Team Development
 - Learning and development programs
 - Store manning models
 - Team incentives



BOATING • CAMPING • FISHING

- Channel Development
 - Potential for around 90 stores
 - Store refresh program
 - Ongoing development of on-line
- Merchandise and Marketing
 - Regional ranging
 - Range extensions & development
 - Trade partnership program
 - BCF Club
- Team Development
 - Learning and development programs

- New Zealand business in development
- Hybrid BCF/Ray's Outdoors with new branding
- Potential for around 20 stores



- Channel Development
 - Potential for around 60 stores
 - Web site & online sales development
- Merchandise and Marketing
 - Ranging and Pricing strategies
 - Hero categories
 - Supply chain development
 - Ray's Outdoors VIP Club
- Team Development
 - Learning and development programs

Group Initiatives

Team Development

- Learning and Development
- Health and Safety
- Performance & Succession Management
- Recruitment, Engagement & Communication
- Recognition, Reward and Remuneration
- HR Information Systems

Store Information Systems

- POS review/development
- Store portal
- Special order management

Inventory and Supply Management

- Demand forecasting systems
- Strategic supply modelling
- Supply chain methods
- Store stock level review
- Trade partner performance reporting
- Master data management

Multi Channel & Customer Relationship Management

- Cross channel integration
- Business loyalty programs
- CRM database and analysis
- On Line sales, marketing and customer engagement



Looking Forward

Looking Forward

Auto & Cycle Retailing

- Expect to open two to three stores, close one SCA store and refurbish 21 SCA stores (including two as Superstores) during the 2nd half
- SCA LFL sales growth in the first 7 weeks of 2nd half circa 4%
- Gross Margin improvement on PCP to continue to be driven by own brand development, trading terms and supply chain initiatives

Leisure Retailing

- Expect to open four to six new stores in 2nd half
- BCF LFL sales growth in the first 7 weeks of 2nd half circa 4%
- Full year Gross Margin expected to be up on PCP
- Investment of strong Ray's Outdoors gross margins to drive sales activity in H2
- Forecast 10/11 synergy benefits tracking in line with business plan

Net Debt

- Planned full year capital expenditure circa \$35m
- Closing net debt for June 2011 forecast to be circa \$75m