

CHAIRMAN'S ADDRESS

ANNUAL GENERAL MEETING – 26 OCTOBER 2011

Financial Performance

I am pleased to report that the Super Retail Group has continued to develop and grow its businesses during the past twelve months and has delivered another record profit results. This is a pleasing outcome that reinforces the resilient nature of the Company's businesses at a time when the economy struggles to shake off the effects of the global financial crisis and the ensuing economic downturn.

Net profit attributable to shareholders has grown from \$38.1 million to \$55.6 million an increase of \$17.5 million or 46%. This can be attributed to:

- Supercheap Auto and BCF Boating Camping Fishing continuing to achieve good like-for-like sales growth, new store openings and improved margins; and
- The full year's contribution from Rays Outdoors.

Pleasingly this growth in profit has been underpinned by the continued growth in sales. We believe the business is very well positioned to continue to grow, with an experienced and passionate management team and a well defined and executed strategy which continues to deliver results for shareholders.

As in previous years, management continue to invest in the businesses with new products, supply chain initiatives and further development of business capabilities. During the year \$55 million was invested in new and refurbished stores; Information technology; and supply chain projects.

Importantly, operating cash flow was strong during the period enabling the Group to not only fund all capital expenditure but also to reduce overall debt levels. Management are continually looking for opportunities to grow and add value to the business for the benefit of shareholders and we shall discuss this in more detail later.

Strategy

Our strategy is to build a group of market-leading specialty retailers that provide products, information and services that help our customers enjoy their chosen leisure activities.

We will achieve that through a combination of organic development of our existing businesses and the acquisition of strong businesses in relevant adjacent retail categories. Peter will provide more details in his presentation this morning.

In light of this, it is pleasing that the results for 2011 indicate that we are achieving our goals and while shareholders can be assured we will not be resting on our laurels, the business is well positioned for the next stage growth.

Leisure Retail into New Zealand

During the year we announced our intention to take a combination of the BCF Boating Camping Fishing and Ray's Outdoors concept to New Zealand with the establishment of FCO Fishing, Camping Outdoors. This new business has been designed for the New Zealand market, which we believe has a strong leisure consumer base and is a growing sector. We currently have five stores open and will formally launch the business in November. Customer response to date has been promising.

Rebel Acquisition

Last week we announced a major transaction with the acquisition of the Rebel Group for \$610 million. The acquisition is clearly a significant transaction for the Group and one that clearly fits with our strategy of expanding our product range in speciality retail products used primarily for leisure.

As an indication, on a proforma basis, Equity will increase from \$304 million to \$622 million; total assets from \$572 million to \$1247 million; and EBIT from \$89 million to \$155 million.

Rebel Group is Australia's number one sporting goods and apparel retailer in a category where there are no other direct national competitors. This is a tremendous opportunity to leverage the Group's retail and supply chain expertise in a highly complementary business and to build the Rebel brand. There is a good strategic fit between the two businesses.

We believe we have acquired the business at an attractive price. We are confident the acquisition of Rebel will deliver mid single digit EPS accretion in F/Y 12 before the benefit of the synergies recognised during the Due Diligence process. Post synergies, the EPS accretion is clearly more attractive. We expect to be able to growth the business in future years to provide further increases in shareholder value. Peter will talk more about the acquisition in his address.

As announced, the acquisition and associated transaction costs will be funded by a fully underwritten 9 for 19 pro rata renounceable entitlement offer at \$5.34 per share to raise approximately \$334 million. There will also be \$296 million of new Debt.

The entitlement offer comprises two components

- A fully underwritten accelerated renounceable institutional entitlement offer, which closed on 19 October. This offer has raised \$284 million which will be settled on 28 October: and
- A fully underwritten renounceable retail Entitlement Offer for the balance. The Offer includes the ability for eligible retail shareholders to trade their entitlements on the ASX, offering our shareholders increased flexibility.

The retail offer booklet will be dispatched to retail investors today. This will clearly set out the rights and entitlements for retail investors.

The entitlement offer represented a significant capital raising in a short period of time in a volatile market. The capital raising was structured as an accelerated entitlements offer with rights trading as the Board believed it is the fairest form of capital raising for all shareholders. Whilst this has resulted in some short-term volatility in our share price, we remain very happy with the acquisition and we are very confident the acquisition will provide improved shareholder returns.

The institutional component of the capital raising received strong support from our existing institutional shareholders and our founder and major shareholder was able to commit to subscribing for a portion of his entitlements. There was good demand for the shares offered in the resultant institutional bookbuild and demand has continued since that time, with the result that all of the shares offered under the institutional bookbuild will be taken up by independent investors when they are issued on 31 October.

As mentioned earlier the acquisition will enhance earnings per share. We believe that there are excellent opportunities to grow the business and that the acquisition will provide improved shareholder returns over the medium to long-term.

Full year Dividend

The Directors were pleased to declare a fully franked final dividend of 17.5 cents per share taking the dividend for the full year of 29 cents and increase of 35% on the previous year.

I would like to thank my Colleagues on the board for their contribution and on behalf of the board thank Peter, his management team and all of Super Retail Group's team members for their contribution to our impressive record result.

The Directors would also like to thank you, our shareholders, for your continued support and interest in the Group and I will now call on Peter to talk in more detail through this year's highlights.

Robert Wright
Chairman