

22 February 2012

## ASX/Media Announcement

### Super Retail Group reports 40% increase in Net Profit After Tax

***Super Retail Group Limited (ASX:SUL) today announced a 40% increase in net profit after tax to \$34.9 million for the 26 week period to 31 December 2011.***

Result highlights include:

- A 49% increase in the Group's EBIT to \$61.6 million
- A 20% increase in Earnings Per Share to 22.0 cents
- Solid like for like sales growth achieved across all three of the Group's divisions
- Increased gross margin in both the Supercheap Auto and the BCF businesses
- Acquisition of the Rebel Sport and Amart All Sports businesses with effect from 30 October 2011.

The Directors declared a fully franked interim dividend of 13.0 cents per share, an increase of 13% over the prior comparative period. The dividend will be paid on 3 April 2012 with a record date of 2 March 2012. 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 reflected the group's focus on retailing products which its customers predominantly use in their leisure time and the continued commitment across the group's businesses to introducing new products, improving store presentation, inventory management and developing team members.

"This has been another six months of significant achievement across the group. We have maintained the strong momentum in our existing businesses while completing the acquisition of the Sports Retailing division and launching a new Leisure Retailing business, FCO Fishing Camping Outdoors, in New Zealand. We have also made good progress with the initiatives required to establish the group as an integrated multi-channel retailer," he said.

"Although it is early days, the strong performance of the Rebel Sport and Amart All Sports businesses since acquisition demonstrates the potential of those businesses. We have focused on realigning the priorities of the team, building strong trade partner relationships, clearing aged inventory and securing available synergy benefits. We will complete the work required to fine tune the strategies for both businesses by the end of March and this will provide the framework for new store rollout and existing store refurbishment.



“Our priority over the next year will be to implement our program of initiatives focused on driving business growth, increasing profitability and improving working capital efficiency across the group while also building our multi-channel capabilities.”

## **AUTO AND CYCLE RETAILING**

Sales increased by 6.3% to \$383.3 million.

Like for like sales growth was 3.5%, building on like for like growth of 3.4% in the prior comparative period. During the 26 week period, the division opened six new stores, closed three stores and refurbished 27 others, including two as a Superstore, resulting in 299 stores trading at the end of December 2011.

EBIT grew by 25.4% to \$34.1 million, with the EBIT margin increasing by 1.4% points.

Gross margins increased by 1.4% 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.

## **LEISURE RETAILING**

Sales increased 22.7% to \$247.1 million, reflecting the contribution from 22 new stores across the division. This included the 10 stores in FCO Fishing Camping Outdoors which was launched in New Zealand in November 2011.

Like for like sales growth was 9.9%, reflecting the reintroduction of credentialed international brands into the Ray's Outdoors business and the strengthening of the BCF Boating Camping Fishing offer in a number of categories. Prevailing weather conditions along Australia's east coast were also more favourable than during the prior comparative period. The division had 150 stores trading at the end of December 2011.

EBIT grew by 30% to \$23.6 million. Excluding the \$2.1 million of costs associated with launching the FCO Fishing Camping Outdoors business, underlying growth in EBIT was 41%.

Gross margins decreased by 0.5% points, reflecting the impact of reintroducing international brands into the Ray's Outdoors business. Gross margins at BCF improved during the period, driven by product range development, supply chain efficiencies and improved trading terms.

Underlying operating costs as a percentage of sales, excluding FCO set up costs, reduced by 1.8% points, reflecting scale benefits, the impact of strong like for like sales growth and operating efficiencies in the Ray's Outdoors business.

## **SPORTS RETAILING**

The acquisition of Rebel Sport and Amart All Sports for \$610 million was completed with effect from 30 October 2011. A further \$10.4 million was paid post completion reflecting an increase in net working capital at the time of completion.

The sales contribution of the division in the nine weeks post completion was \$128.8 million while the EBIT contribution was \$17.7 million.

Like for like sales growth in the 9 weeks post acquisition was 7.8% which compared well with the negative trend in the 17 weeks of the half prior to the acquisition. Growth was driven by the clearance of aged inventory, a stronger in-stock position and realigning team priorities.

Gross margin of 45.4% was in line with that achieved in the prior comparative period. The value of aged inventory was identified during due diligence and appropriate valuation adjustments were processed at the time of acquisition.

The Group is closing the Performance Sports business with the two stores at time of acquisition being reallocated to the Rebel Sport brand.

## **CASH FLOW AND NET DEBT**

Operating cash flow pre store investment and business acquisition costs at \$106.8 million was \$47.1 million higher than the prior comparative period. Cash generated by the Sports Retailing businesses and working capital management across the group were the main contributors to this increase.

Closing Net Debt of \$339.3 million was \$265.8 million higher than at the end of June 2011, reflecting the \$296 million of new funding secured to partly finance the acquisition of Rebel Sport and Amart All Sports. The Group invested a further \$38.2 million in new and refurbished stores during the half.

The group extended its debt facility arrangements prior to the acquisition of Rebel Sport and Amart All Sports. Net debt is comfortably within the group's facility limits and all associated banking covenants have been 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 circa 3.5% in the Auto and Cycle division, 7.5% in the Leisure division and 3.5% in the Sports division for the first seven weeks of the second half," Mr Birtles said.

"This is particularly pleasing given the continued generally depressed retailing conditions experienced during this period.

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

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

## **ENDS**

Further information: Mr Peter Birtles  
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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](http://brr.com.au))

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