

Super Cheap Auto Group

Results for the 26 weeks to 29 December 2007

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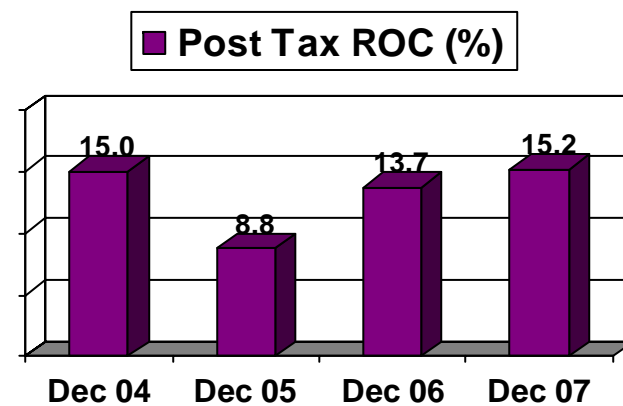
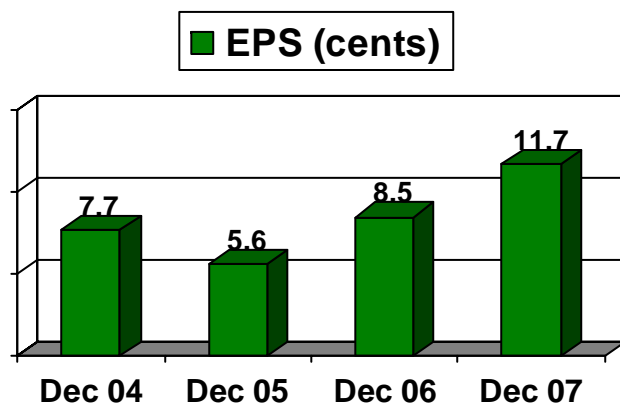
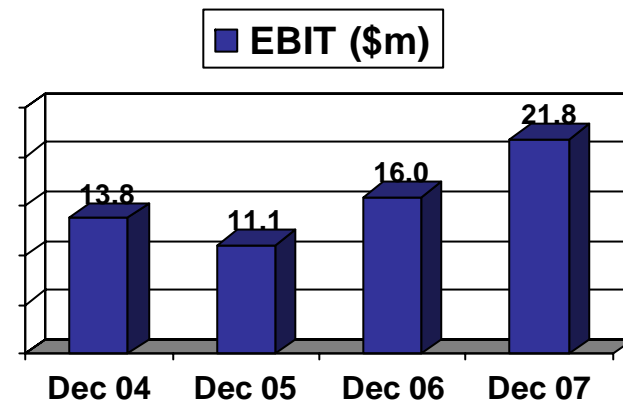
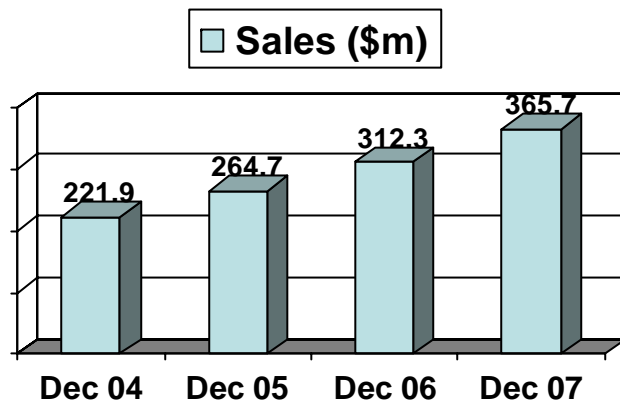
Group Highlights ***- 26 Weeks to 29 December 2007***

- Group Net Profit After Tax up by 38% over PCP
- Group EBIT up by 36% over PCP
- Group Sales up by 17% over PCP

- Supercheap Auto maintaining the momentum established in the prior year with solid like for like growth supported by margin improvements
- BCF delivering strong profit growth driven by rollout of new stores ahead of schedule
- Group Logistics and Shared Services functions continuing to reduce cost of doing business whilst building infrastructure to support the Group's growth plans



Performance Trends



Group Results

– 26 Weeks to 29 December 2007



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- Strong profit performance driven by top-line growth, gross margin improvement and cost control
- Sales growth was delivered across both brands, and comprised new store and LFL growth
- Strong operating cash flow pre set up investment significantly higher than EBITDA pre set up costs
- Net Debt increased by \$9.3m as a result of \$30.9m investment in new and refurbished stores and \$6.8m investment in infrastructure and systems
- Interim Dividend increased to 5.5cps, representing 47% payout ratio of earnings

	2007 \$m	Reported change on pcp
Sales	365.7	17.1%
EBITDA	29.3	32.6%
EBIT	21.8	36.3%
NPAT	12.5	37.8%
Operating Cash Flow	26.8	4.7%
Net External Debt	102.8	+\$9.3m (since June)
Dividend	5.5c	+1.5c



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Supercheap Auto Results

- 26 weeks to 29 December 2007

- 13% EBIT growth due to LFL sales growth, margin improvement and cost control
- LFL growth solid across Australia and New Zealand – builds on 3.1% LFL growth in PCP
- Strategic initiatives:
 - 20 stores refurbished
 - Caboolture store reconfigured as a superstore in October
 - 2 new stores (including 2nd Pitstop trial store) opened in the half and 1 store closed.
 - 1 store relocated
 - New ranges proving successful (pet and baby travel, motorbike parts and accessories, garage storage)
 - Ongoing development of own brand opportunities
- Gross margin % improved through benefits of range management, own brand and sourcing activity offsetting mix effect of stronger sales performance of lower Gross Margin categories.
- Good cost control at both stores and support office enabled EBITDA and EBIT margins to grow during the period.

	2007 \$m	change on pcp
Sales	287.4	7.3%
LFL Sales		4.7%
Gross Margin %	38.8%	+0.1%pts
EBITDA	24.2	12.0%
EBITDA Margin %	8.4%	+0.3%pts
EBIT	18.1	13.1%
EBIT Margin %	6.3%	+0.3% pts

BCF Results

- 26 weeks to 29 December 2007



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- 14 stores opened during the half to bring total stores to 45
 - 3 in Qld, 5 in NSW, 5 in WA, 1 in VIC
 - 11 new stores in smaller format
- Underlying LFL sales growth after excluding impact of cannibalisation – 12.2%
- Strong growth across all categories – Fishing continues to grow ahead of rest of the business
- Apparel is now a separate category and demonstrating strong growth – requires specific focus as business expands
- Gross Margin improvements generated through range management, improved trading terms and growing range of exclusives and own brand product
- Higher operating costs reflect both the timing of new stores and the higher cost ratios in the smaller format stores
- 1st half EBIT Margin again boosted by opening a number of stores during November and December

	2006 \$m	change on pcp
Sales	78.3	76.4%
LFL Sales		6.3%
<i>Gross margin</i>	40.7%	+0.9%pts
EBITDA pre set up costs	9.4	+\$4.4m
EBIT pre set up costs	7.8	+\$3.4m
<i>EBIT margin (pre set-up costs)</i>	10.0%	+0.1%pts
Set-up costs	3.0	(\$0.6)m
EBIT	4.8	+\$4.0m



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Group Cash Flow

- 26 weeks to 29 December 2007

- Operating Cash Flow pre set up costs at \$44.2m significantly higher than EBITDA pre set up costs of \$33.5m
 - Continued focus on working capital management
- New and Refurb Store Set Up Investment:
 - SCA : \$2.0m
 - BCF : \$15.4m
- Store fit-out:
 - \$0.5m SCA new stores
 - \$6.4m in SCA refurb
 - \$5.1m in BCF new stores
- Other Capex:
 - Supply Chain - \$4.6m (incl \$2.6m for Melbourne DC)
 - IT - \$3.2m
 - Head Office extension - \$1.0m
 - General maintenance - \$2.0m

	2007 \$m	2006 \$m
Operating cash flow (pre store set up investment)	44.2	46.6
New store set up investment (costs & inventory)	(17.4)	(21.0)
Operating cash flow	26.8	25.6
Investing activities:		
- Store fitout	(12.0)	(11.7)
- Other capex	(10.8)	(6.2)
- Business Acquisition	(1.5)	0.0
Financing activities:		
- Dividends & interest	(10.6)	(8.2)
- Ext Debt repay/proceeds	13.2	5.7
Net cash flow	5.1	5.1

Group Balance Sheet - at 29 December 2007



- SCA average inventory of \$568k per store compared to \$555k at December 06
 - Traditional Christmas/New Year stock build
 - Increased stock weight of higher value car audio and navigation products
 - Some cost increases in lubricants and batteries
- BCF average inventory of \$1.2m per store in line with PCP and includes around \$70k per store held in the DC reflecting increase in products sourced ex China
- Increase in Plant & Equipment as a result of capital expenditure in new and refurbished stores, Melbourne DC and Head Office
- Net Debt increased by \$9.3m in 1st half as a result of capital expenditure on growth initiatives

	Dec 07 \$m	Jun 07 \$m
Inventory		
- SCA	140.2	122.7
- BCF	52.8	37.2
Total	193.0	159.9
(Trade creditors)	(72.5)	(43.1)
Net inventory investment	120.5	116.8
Plant and Equipment	76.0	67.3
Net External Debt	102.8	93.5



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Group Key Financial Ratios

- EPS and capital return ratios have improved with the improved earnings profile
- Ratios are well within covenanted levels, and facility limits are sufficient to meet existing businesses growth requirements
- Ongoing delivery of strategic initiatives have also driven better adjusted return ratios
- *All ratios are calculated on underlying results (pre BCF set up costs)*
- *Adjusted capital includes leases capitalised into debt at 6x annual charge*

	2007	2006
EPS – reported	11.7c	8.5c
Fixed charge cover	2.0x	2.0x

	Dec 07	Jun 07
Net debt : capital		
- Headline	44.1%	42.9%
- Adjusted	75.6%	74.0%
Annualised post tax ROC		
- Headline	17.2%	15.5%
- Adjusted	15.0%	13.4%

Super Cheap Auto Group

Group Strategy Update





Core Strategic Themes

- Driving growth in the SCA Business
- Developing the SCA Business Model
- Expanding the BCF network
- Developing Procurement and Supply Chain capabilities
- Developing Our People



Driving Growth in the SCA Business

- New Store Opportunities
 - Anticipate 3 to 5 new stores in 2nd half
 - Opportunities to open up to 9 new stores in 2008/09
 - Potential remains for 300 stores
- New Store Formats
 - Caboolture Superstore delivering strong results since conversion
 - Opportunity exists to convert around 10 existing stores to Superstores
 - The 2 trial Pitstop stores are not generating the sales volume required to justify a further rollout at this stage
 - Business will trial a smaller format store for smaller regional towns
- Refurbishment program continues to deliver positive results
 - 9 stores to be refurbished in 2nd half
 - Plan to refurbish 30 stores on an annual basis for the next 5 years
- Range development
 - New ranges successful – further opportunities being investigated
 - Continued own brand development
 - Continued focus on product quality further reducing customer returns
 - Ongoing enhancement of the Fitment offer
 - New offers : Trade Discount & Supercheap Auto Car Insurance
- Motorsport
 - New V8 team with high profile driver – Russell Ingall
 - Business will actively promote safe driver programs
 - Commitment to continue Bathurst sponsorship for the next 3 years



Developing the SCA Business Model

- Business Efficiency
 - Objective
 - Reduce time spent by store teams on administrative and stock handling activities by improving business processes
 - Current Projects
 - Store process improvements
 - New labour planning and recording system being implemented
 - Improving management information available at store and in the office
 - Evaluating replacement of POS

- Inventory Optimisation
 - Objective
 - Improve in-stock position in store whilst reducing inventory investment
 - Current Projects
 - Forecasting and replenishment process redesign
 - Enhancing master data management and forecasting and replenishment systems
 - Increasing collaborative planning with vendors and increased focus on vendor supply performance

- Customer Service Development
 - Objective
 - Drive increased average transaction value though using the time freed up by Business Efficiency initiatives to spend more time with customers understanding and servicing their requirements
 - Current Projects
 - Development of customer service model
 - Increased investment in Team Member training and development
 - Team Member incentive arrangements



Expanding the BCF Network

- 47 stores trading today
 - QLD – 22; NSW - 10; WA - 11; VIC - 3; NT - 1
- Expect to open around 5 greenfield stores in the 2nd half
- Acquisition of JV Marine Boating and Fishing Accessories Retail Business
 - 2 store network in Melbourne will be converted to BCF
 - Ongoing partnership with one of the most well recognised and regarded marine brands in Victoria
 - Provides immediate access to existing customer base
- Broadening representation in Sydney market
 - Existing sites at Auburn, Penrith and Campbelltown
 - New store schedule for Castle Hill
- Performance to date has confirmed potential for a network of over 60 BCF stores across Australia
 - Around 40+ '2000m²' stores
 - Around 20+ '1200m²' stores
- Trial of specialist formats
 - Opportunity to establish smaller sized specialist stores servicing a different customer profile but leveraging off the core business' sourcing capability
 - Acquisition of Campbells fishing and tackle business provides opportunity to trial a specialist fishing and tackle format
 - Potential for trials of specialist boating and camping stores in the future

Developing Procurement and Supply Chain Capabilities



- Continuing focus on cost of doing business through Group Logistics
 - 1st half logistics costs as a % of sales in line with PCP
 - Building on saving of 0.4% pts achieved in prior 2 years
 - Good performance given significant increase in stock volumes processed in 1st half of this year compared to 1st half of PCP
- Developing Distribution Centre network to support planned growth
 - New Melbourne DC at Altona will be fully operational by April
 - Perth DC relocation underway – complete by end February
 - Brisbane DC network being expanded to process increased volume of product being sourced from Asia
- Developing supply chain methods
 - Close link to Inventory Optimisation initiative
 - Enhanced China Logistics solution (port splitting) under development – trial in June
 - Trialling E Commerce solution with 6 suppliers
 - Upgrade of Warehouse Management System will facilitate development of cross dock and flow through methodologies
 - Flow through in place for Dangerous Goods
- Overseas sourcing team
 - Cost improvements starting to cycle through
 - Break even position for year 1 in line with plan

Developing our People



- Over 4,500 Team Members across the Group
- Clear focus across the Group Leadership Team
 - Each department targeted on team member retention, development and succession planning
- Team Member Development
 - Year 2 of the Business Leadership Academy rollout
 - New programs include Store 3IC and Area Manager development programs to supplement existing Store Manager Development programs
 - Linkage to the Customer Service Development initiative
- Team Member Attraction and Retention
 - Further improvement in team member retention during the 1st half of the year – pleasing result given highly competitive environment for good people
 - Developing a marketing program to attract potential team members
 - New initiatives in Team Member health and wellbeing and in Corporate Social Responsibility
- Team Member Remuneration
 - Ensuring the company offers a competitive remuneration package
 - Greater flexibility and focus on performance
 - Broadening suite of non monetary benefits
- HR Management Systems
 - Full review of internal HR systems
 - Scoping project to leverage core SAP system to enhance HR systems

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Looking Forward





Looking Forward

Supercheap Auto

- Expect to open 3 to 5 new stores and refurbish 9 stores during the 2nd half
- LFL sales growth in the first 7 weeks of the 2nd half in line with the 1st half – some sensitivity to a slow down in general retail spending however longer term outlook for retail spending is positive
- Full year operating margin expected to be around 7.5%

BCF

- Full year result sensitive to the timing of new store openings
- Expect to open at least 5 new BCF stores
- 5 months contribution from 2 stores acquired from JV Marine
- Full year set-up costs forecast at between \$4m to \$5m
- Full year operating margin expected to be around 7.5% (pre set up costs)

Cash Flow

- Full year working capital investment anticipated at \$15m
- Planned full year capital expenditure circa \$40m
- Net debt circa \$85m at June 28 – circa \$30m timing benefit due to earlier year end close date
- Net debt comfortably within facility limits of \$150m – facility in place till October 09

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Half Year FY08 Results Presentation

