Super Cheap Auto Group

Results for the 52 weeks to 1 July 2006

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Group Highlights

- Underlying Group EBIT increasing by 11%
- Supercheap Auto gaining market share and at the same time growing gross and net margins in difficult trading conditions
- Average inventory investment across Supercheap Auto stores reducing by over 10% whilst improving on shelf availability
- Supercheap Auto strategic initiatives on track
- The successful launch of BCF with sales and profit exceeding launch expectations
- New store investment of $37m fully funded by operating cash flow

✓ *demonstrating the strength of the business model*
✓ *reaping the benefits of our investment in developing our expertise and our systems in merchandising and supply chain management*

Group Results – 52 Weeks to 1 July 2006

- Strong underlying profit performance driven by good control of gross margins and costs
- Strong cash flow arising from inventory reductions, while improving store in-stock positions
- Net Debt increased by circa $6m after $37+m investment in new SCA stores and BCF launch
- Reported results are negatively impacted by long-term investment in BCF and inventory valuation adjustment in prior year. These impacts have been excluded in the underlying results – refer Appendix 1 for details on the calculation
- Dividend increased to 8cps, representing 43% of underlying earnings

	$m	**Reported change on py**	**Underlying change on py**
Sales	525.9	11.9%	14.0%
EBITDA	39.6	(8.8%)	14.9%
EBIT	28.9	(17.7%)	11.2%
Earnings	16.5	(24.0%)	8.7%
Operating Cash Flow	26.8	+$22.8m	
Net External Debt	80.9	+$5.7m	
Dividend	8.0c	+1.5c	23.1%

Supercheap Auto Results - 52 weeks to 1 July 2006

- Gross Margins were up by 0.8% pts with EBITDA margins increasing by 0.3% pts
- The Gross Margin improvement reflects:
  - Improvements in range and promotional planning
  - Improved trading terms
  - Reductions in logistics costs
- Marketing costs have increased by 0.4% pts through Bathurst investment and additional price and promotion advertising
- Occupancy Expense increased by 0.4% pts
  - Rental reviews exceeding LFL sales growth
  - Newer stores generating lower sales per sqm
  - AIFRS straight lining is forecast to provide benefit in future years
- Other Operating Costs have been tightly controlled, resulting in EBIT margins increasing slightly in 2006 despite 0.4% pts increase in Depreciation Expense
- Assessment criteria for new stores have been tightened to ensure improved return on capital from new stores

	2006 $m	**% change on py**
Sales		
- Total	481.8	3.6%
- Underlying		5.6%
Gross Margin % *	*40.1%*	*+0.8%pts*
EBITDA		
- Underlying *	42.5	10.0%
EBITDA Margin % *	*8.8%*	*+0.3%pts*
EBIT		
- Underlying *	32.4	6.8%
EBIT Margin % *	*6.7%*	*+0.1%pts*

** - 2005 excluding benefit of abnormal inventory valuation adjustment and 53 week trading period.*

Supercheap Auto Results
- 52 weeks to 1 July 2006

- Store opening schedule on track
  - 234 Stores at 1 July 2006
  - 196 in Australia and 38 in New Zealand
- Underlying growth was solid in 2005/6 on a 52-week comparative basis
- Market share gains achieved in all major categories with both total and LFL growth ahead of the overall market
  - ABS report 2.2% decline in auto products retail market
- Reported LFL growth was impacted by cannibalisation of existing stores. Excluding such cannibalisation, LFL growth would have been (-0.4%), split between Australia (+0.1%) and New Zealand (-5.2%)
- Stronger performance across Oils, Batteries and Car Care. Below par performance across Seat Covers, Car Audio and Paint & Panel

	2006 $m	% change on py
Total Sales		
- Total	481.8	3.6%
- Underlying Growth		5.6%
- Reported LFL		(1.1)%
Sales - Australia		
- Total	428.7	2.6%
- Underlying Growth		4.6%
- Reported LFL		(0.6)%
Sales – New Zealand		
- Total	53.1	12.3%
- Underlying Growth		14.4%
- Reported LFL		(6.2)%

BCF Results
- 52 weeks to 1 July 2006

- Business launched as BCF on 15 October 2005
  - 4 stores traded under Camp Mart brand from start of the year until BCF launch
- Store Numbers:
  - 31 Dec 2005 - 12
  - 1 July 2006 – 13
- Camping and Fishing categories have exceeded expectations. Boating has been in line but there are opportunities to drive performance by rebalancing space towards products for smaller boats.
- Gross margin was 1.2%pts above target, with further improvement expected in future years
- Despite $0.7m in non-cash AIFRS costs that were not anticipated at the time of launch, EBIT margin was significantly ahead of expectations

	2006 $m	**Launch Target $m**
Sales	44.2	40.0
Gross margin	*35.7%*	*34.5%*
EBIT pre set up costs & AIFRS costs	2.1	1.2
EBIT pre set-up costs	1.4	1.2
EBIT margin (pre set-up costs)	*3.2%*	*2.5%*
Set-up costs	(4.8)	(5.0)
EBIT	(3.4)	(3.8)
Inventory Investment	17.2	21.0

Group Cash Flow

- Strong cash flow performance driven by the reduction in net inventory investment per store in the SCA business
  - This has delivered a cash flow benefit of $12.1m
- New Store Fit-out includes $4.6m in SCA and $5.2m in BCF
- Other Investing Activities is lower than 2005 due to inclusion of Camp Mart acquisition in 2005
- SCA and BCF business expansion has been fully funded through operating cash flow
- 2005 operating cash flow negatively impacted by $21.8m of additional trade creditor payments due to timing of year end balance date – no effect on 2006
- Cash flow and Balance Sheet data has been adjusted to remove equity plan SPV

	2006 $m	2005 $m
Operating cash flow (pre store set up)	45.9	15.2
New store set-up costs & working capital	(19.1)	(11.2)
Operating cash flow	**26.8**	**4.0**
Investing activities:		
- New store fitout	(9.8)	(5.6)
- Other capex		
-Maintenance	(3.4)	(3.4)
-IT & Supply Chain	(7.8)	(7.7)
- Other Investing Activities	0.2	(8.0)
Financing activities:		
- Dividends & interest	(11.9)	(10.9)
- Ext Debt repayt/proceeds	6.0	24.2
Net cash flow	**0.2**	**(7.2)**

Group Balance Sheet

- SCA average inventory per store reduced from $568k at June 2005 to $499k at 1 July 2006
  - Improved inventory management resulting from supply chain focus and investment in forecasting and replenishment systems
  - Has been achieved whilst improving the in stock position in store
- BCF average inventory investment per store of $1.3m is $0.2m below original projections
- Increase in Plant and Equipment as a result of capital expenditure of $9.8m in new stores
- Increase in Net Debt of $5.7m, with operating cash flows being used to fund:
  - $13.8m investment in new SCA stores
  - $23.8m investment in BCF business including fixtures, stock and set up costs
- Capitalised computer software now disclosed as an intangible asset

	2006 $m	**2005 $m**
Inventory		
- SCA	117.8	120.5
- BCF	17.2	2.7
Total	135.0	123.2
(Trade creditors)	(49.4)	(46.3)
Net inventory investment	85.6	76.9
Plant and Equipment	49.8	41.5
Net External Debt	80.9	75.2

Group Key Financial Ratios

- Investment in BCF launch has impacted on reported financial ratios
- Underlying EPS performance (excluding BCF launch costs) is positive
- AIFRS has had a minor detrimental impact on the ratios due to the change in accounting for fixed rate lease arrangements
- *Adjusted capital included leases capitalised into debt at 6x annual charge*

	2006	**2005**
EPS – headline	15.5c	20.4c
EPS – underlying	18.7c	17.2c
Fixed charge cover	1.94x	1.95x

	2006	**2005**
Net debt : capital		
- Headline	41.7%	41.8%
- Adjusted	72.3%	71.7%
Annualised ROC		
- Headline Reported	10.7%	15.3%
- Headline Underlying	12.4%	13.2%
- Adjusted	12.0%	12.4%

Super Cheap Auto Group

Group Strategy Update

Group Strategy Update

- Driving LFL sales growth in Supercheap Auto
- Expansion of the Supercheap Auto network
- Expansion of BCF network
- Developing Procurement and Supply Chain capabilities

Driving LFL Sales Growth in SCA

- SCA is the dominant retailer of automotive products
  - Competitors revising their offer
- Chermside concept store trial proving successful
  - Customer reaction positive with sales uplift > 15%
  - Refurbishing 10 higher turnover stores by Christmas
- Range development
  - Motorbike, caravanning, national brand tools
  - Local ranging
  - Fitment services trial has been successful
- Marketing revamp completed
  - New TVCs
  - New in store signage and ticketing
  - New catalogues
- Quality focus reducing returns

Expansion of SCA Network

- 237 stores trading today
  - 3 stores opened so far this year
- Development of 4 discrete formats
  - Existing '700' format stores
  - '400' format stores – smaller regional and higher rental urban locations
  - '200' format stores – trial of shopping centre opportunities
  - Superstore – extended range and service offering
- Expect to open 10 to 15 new stores in FY07
  - 6 to 11 new '700' format stores
  - 2 new '400' format stores
  - 2 new '200' format store
- Reconfiguration of existing stores to be tested
  - 2 undersized/underperforming '700's to be converted to '400's
  - 1 oversized '700' to be converted to a Superstore
- Multi format approach provides opportunity to open over 300 stores and achieve internal ROC hurdles

Expansion of BCF Network

- 15 stores trading today
- Opened new stores at Midland and Gosford since 1 July
- Port Macquarie, Cannington, Rockingham and Burleigh to open before Christmas
- Will open between 10 to 15 new stores in 2006/07
- New Stores will be targeted towards NSW, WA and Qld
- Assessed but not pursued opportunities to acquire smaller regional chains as these have not achieved target ROC hurdles
- Performance to date has demonstrated potential for smaller size formats to supplement the planned 50 to 60 destination stores

Developing Procurement and Supply Chain Capabilities

- Procurement gains have generated an 0.5% pt improvement in gross margin – further improvement anticipated in FY2007
- Overseas sourcing team established – commence operating out of Hangzhou offices in October
- Relocated New Zealand distribution centre in June
  - Allows direct shipment of product to NZ ex Asia
  - Allows more local sourcing in NZ
  - More efficient operation
- Freight cost reduction
  - Expanding Melbourne third party DC
  - More efficient freight methodologies introduced
- Logistics costs as a % of sales have reduced by 0.2% pts – similar improvement anticipated in FY2007

Super Cheap Auto Group

Outlook for Full Year FY07

Outlook for Full Year FY07

Super Cheap Auto

- 10 to 15 new stores
- Retail consumer spending on automotive products expected to be flat
- Expect the business to continue to gain market share => modest LFL growth
- Anticipate further improvement in gross and EBIT margins

BCF

- 10 to 15 new stores
- Full year sales expected to be around $80m
- Anticipate EBIT margins (pre set up costs) to grow by around 2%pts
- Set-up costs forecast at $3.75m

Cash Flow

- Working capital investment anticipated at $15m
- Planned capital expenditure circa $26m

Super Cheap Auto Group

Appendix to Full Year FY06 Results Presentation

Appendix 1: Underlying Group Results - 52 weeks to 1 July 2006

- The Group's reported results have been impacted by long term business investment
- BCF set up costs - $4.8m in 2006 and $0.5m in 2005
  - Concept development costs
  - Pre launch operating costs
  - Store set up costs
  - Launch advertising
- The Group's 2005 reported results benefited from non comparative items
  - Inventory valuation adjustment was a one-off profit arising from a change in inventory valuation methodology
  - The 2005 period included the results of 53 weeks of trading

EBIT	**2006 $m**	**2005 $m**	**% change on py**
Reported results	28.9	35.1	(17.7%)
BCF set-up costs	4.8	0.5	
Inventory Valuation adj		(4.7)	
53rd week contribution		(0.6)	
Underlying results	33.7	30.3	11.2%