



# Super Cheap Auto Group

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# ***Super Cheap Auto Group is a Specialty Retail Organisation***

## **RELEVANT CATEGORY OPPORTUNITIES**

- Products for Leisure Time
- Growing Markets > \$1.5bn
- Opportunity to be the Market Leader
- Not Fashion / Non Perishable / Non Premium
- Mix of Hard Goods and Consumables

## **APPLYING OUR GROUP DIFFERENTIATORS**

- Products and Innovation
- Customer Focus
- Learning and Development
- Core Systems
- Speed and Discipline

## **CAPITALISING ON OUR CULTURE**

- Team Based
- Centrally Controlled
- Passion for Products, People and Performance
- Group Values : Passion, Openness, Integrity, Care and Discipline

# 5 Year Trends



FY	2005 *	2006	2007	2008	2009
Stores	211	233	246	250	256
Sales	465	482	526	559	604
EBIT	33.0	33.2	37.9	41.5	46.4
<i>EBIT Margin</i>	7.1%	6.9%	7.2%	7.4%	7.7%
ROC	27%	25%	28%	28%	29%

FY	2005 *	2006	2007	2008	2009
Stores	4	13	31	49	59
Sales	5	44	99	156	206
EBIT	(0.5)	(3.4)	1.8	7.9	16.4
<i>EBIT Margin</i>			1.8%	5.1%	8.0%
ROC			4%	12%	21%

\* - 2005 was a 53 week financial year





- 266 stores at 6 May 2010
- LFL sales up by 5.6% in the 16 weeks to 24 April building on 9.3% LFL growth in the prior comparative period
- EBIT margins continue to track up on PCP in line with first half improvement



- 67 stores at 6 May 2010
- LFL sales up by 2.0% in the 16 weeks to 24 April building on 17.4% LFL growth in the prior comparative period
  - Qld down 3.0% (due to adverse weather conditions), other States up 7.0%
- EBIT margins continue to track up on PCP in line with first half improvement



- Trading in line with forecasts provided to the market at the time of the Company's half year results
  - Qld delivering strong LFL growth, Vic delivering negative LFL growth
- The Company remains confident that it will leverage its retail capabilities to roll out a profitable business model

Super Cheap Auto  
Group Limited



- Cash flow performance continues to be strong—expected to generate c.\$30m underlying reduction in net debt, before taking into account this transaction
  - as disclosed previously, as a result of FY2010 being a 53 week year, a timing issue arises such that creditor payments at the start of July will increase headline net debt at year end by c.\$35 million above what it would have been at the end of a 52 week year

# The Super Cheap Auto Group



\* - Subject to acquisition completing by late May/ mid June

## Auto and Cycle Retailing



Auto parts and accessories, tools and outdoor

Bikes, Bike parts and accessories

Range, Value, Convenience

Range, Value, Service

266 stores

18 stores

## Leisure Retailing



Boating, Camping and Fishing products and accessories

Camping and outdoor products and accessories

Range, Value, Expertise

Range Breadth Value, Service

67 stores

38 stores

Group Logistics

Group Operations

# Ray's Outdoors transaction highlights



## Ray's Outdoors

- Ray's Outdoors is an outdoor leisure retailer with a broad camping and leisure offering operating through a network of 38 stores in five states

## Strategic rationale

- Ray's Outdoors is a strong brand which is highly complementary to BCF
- The Company has the capital and systems to accelerate the growth of the business
- Potential to grow the combined BCF/Ray's Outdoors business to c.160 stores and c.\$600 million in sales (well above BCF's standalone potential)
- Potential to grow Ray's Outdoors margins to 7.5% by FY13
- Potential for c.\$2m synergies across the wider Group by FY12

## Purchase price

- Purchase price of \$54.0 million
  - represents an EV/EBIT multiple of 7.2x FY11
  - subject to downward adjustment depending on stocktake outcome

## Financial benefits

- The acquisition is expected to be EPS accretive in FY11, growing to high single digit accretion in FY12 (based on consensus broker estimates pre announcement)

## Funding

- Successful institutional placement raised \$76m
- Non-underwritten share purchase plan

## Timing

- Limited conditions precedent (landlord consents for certain sites, satisfactory completion of the stocktake), which Super Cheap Auto Group expects should be satisfied by the end of May 2010

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- Impact of changing consumer habits and changes to vehicle technology on the automotive parts and accessories market
- Driving ongoing organic growth in SCA and BCF
- Goldcross Cycles business performance
- Fluctuating cost of product sourced in China
- Attraction, motivation and retention of Team Members
- Increasing cost and complexity of supply chain operations
- Impact of increased regulatory and compliance requirements
- Changing consumer behaviour / Growth of Virtual Channels / Fragmentation of Mass Media



(5 year goal)

**NETWORK EXPANSION  
(300 STORES)**

**LFL SALES GROWTH  
(> 3% PA)**

**MARGIN GROWTH  
(8.5% EBIT)**

**ROC GROWTH  
(> 30%)**

Multi Format New Store Program :  
Circa 5 stores pa

New Channel Development

Refurbishment Program  
- Circa 40 stores pa

Own Brand Development

High Growth Categories  
- Travel and Touring  
- Garage Storage  
- Tools

Value Added Services  
- Fitment Services  
- Trade Offer

Team Member Knowledge and Skills Development

Direct Sourcing

Inventory Optimisation

Inventory and Supply Management:  
- Demand Forecasting  
- Ecommerce/Master Data Mgt  
- Supply Chain Methods

Productivity Initiatives:  
- Business Efficiency  
- Store Manning  
- Space Planning

Trade Partner Collaboration  
- Data Sharing  
- Forecasting  
- Inventory Funding  
- Performance Mgt

CRM & Multi Channel Marketing Development

Store Systems Development



(5 year goal)

**NETWORK EXPANSION (50 STORES)**

**LFL SALES GROWTH (> 5% PA)**

**MARGIN GROWTH (8% EBIT)**

**ROC GROWTH (> 21%)**

New Store Program :

Range Development

Direct Sourcing

Inventory Optimisation

New Channel Development

Own Brand Development

Inventory and Supply Management:

- Demand Forecasting
- Ecommerce/Master Data Mgt
- Supply Chain Methods

Store Format Development

Productivity Initiatives:

- Business Efficiency
- Store Manning
- Space Planning

Marketing Mechanics Development

Team Member Knowledge and Skills Development

Multi Channel Marketing Development

Store Systems Development



BOATING • CAMPING • FISHING

# Ray's Outdoors



(5 year goal)

**NETWORK EXPANSION  
(150 STORES)**

**LFL SALES GROWTH  
(> 5% PA)**

**MARGIN GROWTH  
(9.0% EBIT)**

**ROC GROWTH  
(> 30%)**

New Store Program :  
- 2 Formats  
- 10 to 15 stores pa

New Channel Development

Category Opportunities  
- Water Sports / Kayak  
- Trailer Camping  
- Ski / Hiking  
- Apparel

Own Brand Development

Direct Sourcing

Inventory Optimisation

Inventory and Supply Management:  
- Demand Forecasting  
- Ecommerce/Master Data Mgt  
- Supply Chain Methods

Regional Ranging

Productivity Initiatives:  
- Business Efficiency  
- Store Manning  
- Space Planning

Special Order Capability

Team Member Knowledge and Skills Development

Trade Partner Collaboration  
- Data Sharing  
- Forecasting  
- Consignment

CRM & Multi Channel Marketing Development

Store Systems Development

Business Integration



BOATING • CAMPING • FISHING



# Team Member Development



(5 year goal)

**ATTRACTION**  
(<4 weeks vacancies)

**RETENTION**  
(>72.5%)

**SATISFACTION**  
(>77.5%)

**SAFETY**  
(LTIs < 0.15%)

**SUCCESSION**  
(> 70%)

