



19 February 2009

## ASX/Media Announcement

### Super Cheap Auto Group announces first half results

***Super Cheap Auto Group Limited (ASX:SUL) today announced its results for the 26 weeks to 27 December 2008, reporting a 9% increase in net profit after tax to \$13.6m.***

Highlights of the results include:

- Strong operational performance in both Supercheap Auto and BCF, with solid like for like sales growth supported by gross margin improvement
- Goldcross Cycles business development plan on track
- Prior year investment in supply chain infrastructure and systems delivering expected benefits
- Net debt reduced by \$12m during the first half, despite \$30m being invested in new and refurbished stores.

The Directors have declared a fully franked interim dividend of 6.5 cents per share, an increase of 18% over the prior year. The dividend will be paid on 31 March 2009 with a record date of 9 March 2009.

Super Cheap Auto Group Managing Director, Mr Peter Birtles, said the results demonstrated the continued strong performance of both Supercheap Auto and BCF.

“Despite the widely reported downturn in retail conditions, both businesses have maintained their level of like for like sales growth without any changes to planned marketing and promotion programs,” Mr Birtles said.

“The performance has been driven by a continued commitment to product range and inventory management, product development, store operational standards and supply chain efficiency.”

## **SUPERCHEAP AUTO**

Sales increased by 5.3% to \$302.6m, buoyed by like for like sales growth of 4.5%. During the 26 weeks, the business opened five new stores, refurbished 25 others and relocated one store.

EBIT grew by 7.7% to \$19.5m, with EBIT margin increasing by 0.1% points.

Gross margins increased by 0.9% points over the prior comparative period, as the business benefited from product range management, own brand development, sourcing initiatives and a reduction in supply chain costs.

Operating costs as a percentage of sales increased by 0.8% points. This reflected the planned investment in store team wages to improve team member retention and customer service; an increase in the number of stores refurbished during the period; and depreciation costs associated with store refurbishments.

## **BCF BOATING CAMPING FISHING**

Sales increased by 30% to \$101.6m, reflecting the opening of six new stores and 6.8% like for like sales growth.

EBIT increased by \$3.1m (64.6%) to \$7.9m.

Gross margins increased by 1.6% points, driven by product range management, improved trading terms, exclusive products and own brand development.

Operating costs as a percentage of sales increased as a result of relatively higher costs associated with smaller format stores and changes in the timing of new store openings.

## **GOLDCROSS CYCLES**

Goldcross reported sales of \$8.6m and an operating loss of \$1.6m, after incurring one-off business development and store set up costs of \$1.0m.

During the 26 week period, the business expanded into South East Queensland, opening four new stores and acquiring another two. These stores add to the 11 acquired in Melbourne in June 2008.

Sales fell below expectations as a result of delayed new store openings, some product range gaps and low levels of awareness of the Goldcross Cycles brand in Queensland.

Gross margin, operating costs and business set up costs and investment were in line with expectations.

## **GROUP COSTS**

Group costs of \$2.2m included \$0.6m of distribution centre rents that have not been charged to business units, a \$0.4m provision against debts from a sub lease tenant and \$1.2m of ongoing public company costs.

## CASH FLOW AND NET DEBT

Operating cash flow of \$46.6m was 74% higher than the prior comparative period as the Group's businesses maintained tight control of working capital. Closing net debt at \$105.5m was \$12.3m lower than at the end of June 2008, despite investing \$30m in new and refurbished stores during the half.

Net debt remains comfortably within the Group's facility limits and all associated banking covenants have been comfortably achieved.

## LOOKING AHEAD

Mr Birtles said the second half had started well for the Group.

"Like for like sales growth in Supercheap Auto has been more than 5%, while BCF has delivered like for like sales growth in excess of 10%, for the first seven weeks of the second half," Mr Birtles said.

"We continue to expect our businesses to grow their sales at a faster rate than the markets in which they operate.

"The Group plans to open one to two new Supercheap Auto stores, three to five BCF stores and one Goldcross store during the second half.

"Both Supercheap Auto and BCF are on track to slightly improve EBIT margins over the full year, while Goldcross is expected to report a negative EBIT contribution of around \$2.0m, reflecting the investment in business development and store set up costs," said Mr Birtles.

## ENDS

Further information:

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Peter Birtles and Gary Carroll will be presenting the results by teleconference today at 10.30 am (daylight saving time). To listen to this presentation simply click on the link below:

<http://www.brr.com.au/event/55252>

Released through:

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