



23 August 2007

ASX/Media Announcement

Super Cheap Auto Group (SUL) Announces Record Profit for the 2007 Financial Year

Super Cheap Auto Group today announced a record annual profit of \$22.3m (2006: \$16.5m), up 35.3% on the previous financial year.

Super Cheap Auto Group Managing Director, Mr. Peter Birtles, said that all parts of the business contributed to the strong result and it confirmed the group's focus on strategic growth and improved performance.

"Supercheap Auto gained momentum with like for like sales in the past six months growing at their fastest rate for four years. BCF has continued to grow sales and profit ahead of target and our service functions have reduced their costs while successfully contributing to the Group's growth plans," said Mr Birtles.

Highlights for the year included:

- Earnings per share (EPS) increased by 35%, to 21 cents from 15.5 cents.
- EBIT increased by 31.7%, to \$38.1m from \$28.9m, with both the Supercheap Auto (SCA) and Boating-Camping-Fishing (BCF) businesses delivering strong EBIT growth.
- Group Sales increased by 19%, to \$624.8m from \$525.9m, due to the improvement in like for like sales and growth from new stores.
- Group Operating Cash Flow (before new store set up costs) increased \$15m to \$60.9m. As a result, the \$45m investment in new and refurbished stores was largely funded out of operating cash flows.
- Full-year dividends will increase by 31%, to 10.5 cents per share from 8 cents per share, representing a 50% payout ratio. The 2007 final dividend of 6.5 cents per share fully franked will be paid on 10 October 2007 with a record date of 18 September 2007.
- 32 new stores opened increasing the total number of stores to 277 (comprising 246 SCA stores and 31 BCF stores).

SUPERCHEAP AUTO

Sales of \$525.7m (2006: \$481.8m) increased by 9.1% with like for like sales growth of 4.1%. Like for like sales during the second half of the year were 5.0% higher with a strong contribution from the 38 stores in New Zealand.

EBIT at \$37.9m increased by 14.7% with EBIT margin increasing by 0.3% points.

Fourteen new stores were opened during the year, four stores were relocated and two smaller underperforming stores were closed.

“The Supercheap Auto business has been reinvigorated during the past year through a range of store format, merchandising and marketing initiatives.

“At the start of the year, the business commenced a program of refurbishing its higher trading stores using many of the enhancements successfully trialled at the Chermside concept store. Sixteen stores have now been refurbished while nine of the new stores and the four- relocated stores have been built using the updated store layout and fixtures.

“David Ajala and the whole team at Supercheap Auto deserve enormous credit for the progress made to date. Many of the initiatives are still work in progress and we are confident that the business will continue to improve its performance in the coming years,” said Mr Birtles.

BCF – BOATING CAMPING FISHING

Sales increased by 124% to \$99.1m (2006: \$44.2m) with the growth driven by 18 new store openings and 13.5% like for like sales growth from existing stores.

EBIT increased by \$5.3m to \$1.8m while EBIT, pre new store set up costs, also increased by \$5.3m to \$6.6m.

Mr Birtles said that the performance of BCF continued to exceed the targets that were set at the launch of the business in October 2005.

“We continue to refine the business through experience and remain confident that a national network of BCF stores will generate a significant contribution to group earnings in the coming years.

“Steve Doyle and the team have done an outstanding job in building such a sizeable business in such a short time period,” he said.

GROUP LOGISTICS AND SHARED SERVICES

Group logistics costs reduced by 0.2% points for the second successive year with the establishment of larger distribution centre facilities in Melbourne and Auckland creating a more efficient distribution network.

The Group established its overseas sourcing office in Hangzhou, China, in October 2006. The sourcing team have a focus not only on sourcing new and lower cost product but also on improving quality, packaging and supply chain efficiencies.

CASH FLOW AND NET DEBT

Net debt for the Group increased from \$80.5m to \$93.5m with the debt to EBITDA ratio falling from 2.19 times to 1.94 times.

“The Group continued to fund its investment through operating cash flow and debt facilities. Effective management of working capital enabled the Group to minimise the drawdown of new debt and there remained significant capacity in the Group’s debt facilities to fund further growth initiatives over the coming years,” said Mr Birtles.

LOOKING AHEAD

Mr Birtles said the Group would maintain focus on its five key strategic initiatives during the upcoming year. These are:

- expanding the Supercheap Auto network;
- driving like for like sales growth in Supercheap Auto;
- expanding the BCF network;
- developing our procurement and supply chain capabilities; and
- developing our people.

“Further reduction in supply chain costs are expected to be achieved from the development of the Group’s overseas sourcing operation and the domestic logistics operations.

“Supercheap Auto will be targeting ten new stores in the year and is planning to refurbish approximately 30 existing stores. Similarly, BCF will be targeting 10 to 15 new stores with increased scale and experience leading to further improvements in profit margins,” said Mr Birtles.

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Further information:	Mr Peter Birtles Managing Director Super Cheap Auto Group 07 3205 8511	Mr Gary Carroll Chief Financial Officer Super Cheap Auto Group 07 3205 8511
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Peter Birtles and Gary Carroll will be presenting the results by teleconference today at 10.30 am. To listen to this presentation simply click on the link below:

<http://www.brr.com.au/event/SUL/1454/27554/wmp/q0kt38dqce>

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