

Super Cheap Auto Group Limited

ASX Announcement

18 February 2005

Super Cheap Auto Group Reports a 24% Increase in Underlying Half Year Net Profit After Tax

Super Cheap Auto Group Limited (SUL) today reported a net profit after tax (excluding abnormal items) of \$7.8m, for the 26 weeks to 25 December 2004, representing a 23.8% increase on the previous corresponding period.

This result is on a like for like basis after adjusting the previous period comparatives to exclude Boxing Day trading. Reported net profit after tax (including abnormal items) at \$11.0m was 86.4% higher than the previous corresponding period.

Total sales for the 26 weeks to 25 December 2004, at \$222.3m, were 21.5% higher than the comparable prior period (excluding Boxing Day). Total sales for the 27 weeks to 1 January 2005, which includes post Christmas and New Year trading, were 23.8% up on the prior year. Like for like sales during this period were up 5.1%.

EBIT margins were 6.2%, up 0.2 percentage points on the comparable prior period. This was driven by a 0.2 percentage point improvement in gross margin, which benefited from improvements in supply chain efficiencies.

Net cash flow was strong with cash flow from operating activities at \$11.1m benefiting from improvements in working capital management. Net debt at 25 December was \$39.9m, a \$9.3m reduction during the 26 weeks.

The Board has declared a fully franked interim dividend of 2.0 cents per share, in line with IPO Prospectus forecasts.

Highlights during the half included:

- Opening 21 stores across Australia and New Zealand bringing total store numbers to 204
- Opening the 29th store in New Zealand within 53 weeks of the 1st store
- Developing supply chain operations to increase capacity at the Lawnton DC and reduce supply chain costs as a % of sales
- The success of the Christmas promotional period with like for like sales growing by over 10% in the 6 weeks to 1 January in line with planned promotional activity
- Renegotiation of supply arrangements with suppliers, including improvements to trading terms, which generated around \$10m cash flow benefit

“This is a very pleasing result” said Bob Thorn, Managing Director. “In a relatively flat retail environment, we have been able to deliver strong like for like sales growth and improve margins, whilst continuing to grow the business at a rapid rate.”

“We expect to open another 6 stores before the end of the Financial Year, with 3 sites already confirmed. We anticipate that like for like sales growth will be in line with our Prospectus forecast during the 2nd half and that the improvements that we have made to our supply chain operations will continue to drive margin improvements.”

“The recent acquisition of the Camp Mart business provides a foundation for future growth for the Group but our primary focus during the 2nd half of the year is on ensuring that Super Cheap Auto achieves the forecasts set out in the IPO prospectus.”

	04/05		03/04 as reported		% inc	03/04 excl Boxing Day		% inc
	\$m	% of sales	\$m	% of sales		\$m	% of sales	
Sales	222.3		186.8		19.0	182.9		21.5
Gross Profit	86.2	38.8	71.6	38.3	20.4	70.5	38.6	22.2
Op Ex	(67.3)	30.3	(55.0)	29.4	22.4	(55.0)	30.1	22.4
EBITDA	18.9	8.5	16.6	8.9	13.9	15.5	8.5	21.8
EBITA	15.1	6.8	13.4	7.2	12.7	12.3	6.7	22.8
EBIT	13.7	6.2	12.0	6.4	14.2	10.9	6.0	25.7
NPAT (comparative)	7.8	3.5	7.1	3.8	9.9	6.3	3.4	23.8
NPAT (reported)	11.0		5.9		86.4			

For further information, contact Mr. Bob Thorn or Mr. Peter Birtles on 07 3205 8511.