



CHAIRMAN'S ADDRESS ANNUAL GENERAL MEETING – 24 OCTOBER 2007

The 2007 financial year has seen Super Cheap Auto Group complete the transition from being a single format retailer in the auto aftermarket into an enterprise that offers a number of retail formats and covers two distinct markets. This has been achieved within three years of the public listing and represents a significant step toward developing a more robust and resilient business.

The results achieved in the 2007 financial year saw sales lift 19% to \$625M from 246 Supercheap Auto and 31 BCF stores. The earnings before interest tax depreciation and amortisation were up 30% to \$51M. Earnings per share grew 35% to 21 cents. These significant improvements in the financial outcomes and the profitability of both Supercheap Auto and BCF are producing the earnings required to support the further development of the company, and increase the dividends paid to shareholders.

The parallel strategies of investment and profit growth have combined to deliver a number of significant outcomes in FY 2007. The investment in new locations, new retail formats, and store refurbishments for Supercheap Auto, and the expansion of BCF to 38 today with stores spread across Queensland, NSW, NT and WA are the most obvious examples of the initiatives taken by the company during the past 12 months. Remarkably, BCF has generated almost \$100M in annual sales after only two years since the company entered the camping, boating and fishing market with the acquisition of a small group of stores which were producing annual sales of \$14M.

These initiatives strengthen the Group's business model. A combination of retail formats, markets, and geographic diversity offers a more secure investment to shareholders. Consequently, the Company is better positioned to benefit from shifts in consumer demand and regional growth, and mitigate the risks that accompany a significant shift in consumer demand.

Our businesses are not just a product of clever merchandising. The shopfront presence hides the underlying complexity of any successful retailer which reaches beyond a single market. The Company's business is supported with the ongoing development of a logistics capability which has involved the establishment of a direct sourcing and logistics facility in China. The range of financing and staff development activities also add a degree of complexity to the Group's operations.

The many moving parts in a retail business offer different opportunities for a variety of people to contribute to the success of the Company. It isn't just Peter Birtles and the management team. Team Members occupying merchandise, warehouse, administrative, accounting, property, IT, human resources and many other corporate roles provide the invisible support that sits behind those who service our customers. The Directors value the commitment, energy and creativity of the whole Supercheap Auto and BCF team.

The Board acknowledges that it should share the wealth created by the Company with shareholders. The increase in the dividend payout ratio recognises that shareholders expect more than growth in the Company's share price. The shift in the balance between dividends and the reinvestment in the 2007 financial year doesn't mean that the Company is not prepared to invest in new retail formats.

Importantly, we now have the presence, management competency, and confidence to believe that we can successfully move our current businesses further toward their ultimate potential whilst seeking out new opportunities. We believe that we can develop profitable new businesses within a relatively short timeframe and simultaneously reward shareholders who choose to invest in the development of a more diverse, richer, interesting and secure retail enterprise.

The Directors thank you for your support and interest in Super Cheap Auto Group, and look forward from hearing more about the business and how we have been trading so far in the current financial year from our Managing Director and Chief Executive Officer, Peter Birtles.....Peter!