



# Super Cheap Auto Group

Results for the 52 weeks to 27 June 2009

Peter Birtles, Managing Director  
Gary Carroll, Chief Financial Officer  
27<sup>th</sup> August 2009



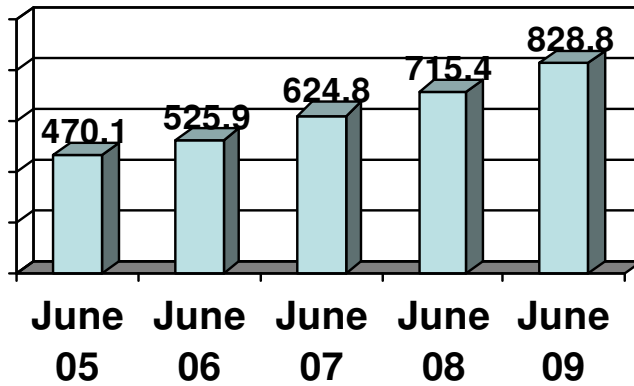
## *Group Highlights*

- Group Net Profit After Tax up by 25% over PCP
  - Group EBIT up by 21% over PCP
  - Group Sales up by 16% over PCP
- 
- Supercheap Auto and BCF operational performance
    - Strong like for like sales growth
    - Growth in gross margins
  - Goldcross Cycles business development plan revised
  - Logistics performance in safety, accuracy, service and CODB
  - Continued improvement in Team Member retention
  - \$43 million invested in new and refurbished stores

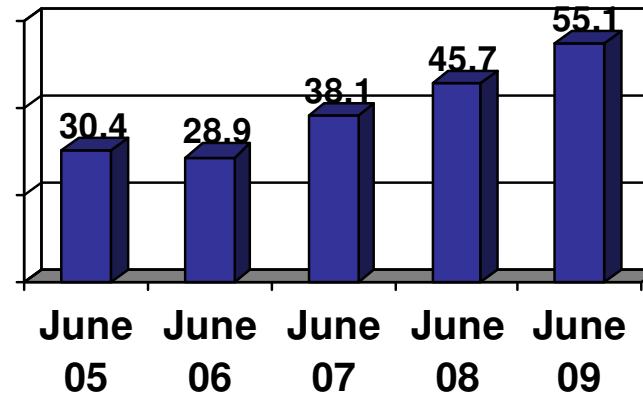


# Performance Trends

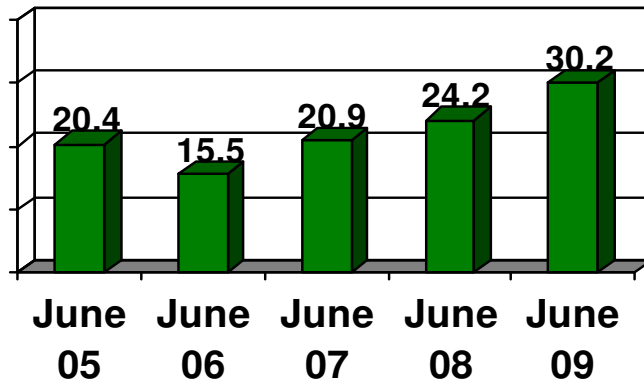
■ Sales (\$m)



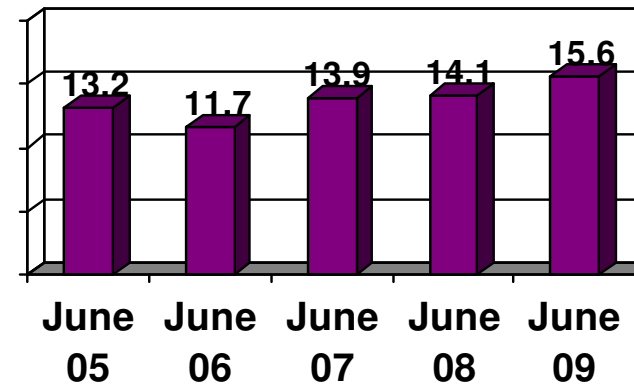
■ EBIT (\$m)



■ EPS (cents)



■ Post Tax ROC (%)



## Group Results

- Strong performance driven by top-line growth and gross margin improvement
- Solid sales growth in both SCA and BCF through both new store and LFL growth
- EBIT margin growth in SCA and BCF
- Group NPAT impacted by
  - \$2.8m Goldcross Cycles start up loss
  - \$1.5m Interest rate swap negative mark to market adjustment
  - Effective tax rate reduction driven by investment allowance
- Strong Operating Cash Flow growth driven by working capital management
- Net Debt decreased by \$3m despite continued investment in new and refurbished store development
- Full Year Dividend increased to 18.0cps, representing 59.6% payout ratio

	2008/09 \$m	Change on pcp
Sales	828.8	15.9%
EBITDA	73.4	19.1%
EBIT	55.1	20.6%
NPAT	32.1	24.6%
Operating Cash Flow	62.7	26.4%
Net External Debt	114.7	-\$3.1m
Dividend	18.0c	+5.0c



## Business Unit Results

	2008/09		2007/08	
	Sales \$m	EBIT \$m	Sales \$m	EBIT \$m
<b>Supercheap Auto</b>	604.2	46.4	558.8	41.5
<b>BCF</b>	205.5	16.4	156.4	7.9
<b>Goldcross</b>	19.1	(4.0)	0.2	(0.5)
<b>Group Costs</b>		(3.7)		(3.2)
<b>Total Group</b>	828.8	55.1	715.4	45.7

*Group Costs include \$1.2m DC rents not charged to business units, \$0.4m bad debt provision and \$2.1m public company costs*



# SUPERCHEAP AUTO

- 11.7% EBIT growth due to LFL sales growth and gross margin improvement
- LFL growth solid across Australia and New Zealand – builds on 4.8% LFL growth in PCP
- Store Development:
  - 30 stores refurbished
  - 6 new stores opened
  - 2 stores relocated
  - 1 Superstore
- Strong improvement in gross margin %:
  - Own brand development
  - Local and overseas sourcing
  - Reduction in supply chain costs
  - Trading terms
- Higher operating costs arising from:
  - Investment in store manning levels
  - Investment in learning and development
  - Increased refurbishment activity
  - Business improvement projects

	2008/09 \$m	change on pcp
<b>Sales</b>	604.2	8.1%
<b>LFL Sales</b>		7.3%
<b>Gross Margin %</b>	40.4%	+1.1%pts
<b>EBITDA</b>	60.1	10.2%
<b>EBITDA Margin %</b>	10.0%	+0.2%pts
<b>EBIT</b>	46.4	11.7%
<b>EBIT Margin %</b>	7.7%	+0.3% pts



BOATING • CAMPING • FISHING

- 9 stores opened and one acquired during the year to bring total stores to 59
- BCF now trading in all mainland states
- Strong LFL growth across all regions:
  - Wider growth in the camping market
  - Localised ranging
  - Localised marketing
- Strong growth across all categories
  - New products
  - Own brand & exclusives
- Strong gross margin performance:
  - Localised ranging
  - Improved trading terms
  - Growing range of own brand and exclusives
  - Supply chain efficiencies
- Lower operating costs as a % of sales across the full year primarily driven through scale benefits

	2008/09 \$m	change on pcp
<b>Sales</b>	205.5	31.4%
<b>LFL Sales</b>		12.5%
<b>Gross margin %</b>	42.4%	+0.8%pts
<b>EBITDA</b>	20.2	86.7%
<b>EBITDA margin %</b>	9.8%	+2.9%pts
<b>EBIT</b>	16.4	107.3%
<b>EBIT margin %</b>	8.0%	+2.9%pts



# GOLDCROSS<sup>×</sup> CYCLES

- 5 stores opened and 2 stores acquired during the year to bring total stores to 18
  - 11 in Melbourne
  - 7 in South East Queensland
- Sales performance below expectations primarily in new stores
- Gross margin in line with expectations
- Business set up costs and capital investment in line with expectations
- Full 12 month business review completed:
  - Range offer
  - Marketing and promotion
  - Team Member training
  - Store design
- Business moved to newly formed Auto and Bike Retailing Division

	2008/09 \$m	2007/08 \$m
<b>Sales</b>	19.1	0.2
<b>Gross margin %</b>	42.5%	-
<b>EBITDA</b>	(3.4)	-
<b>EBIT</b>	(4.0)	-

## Group Cash Flow

- Continued focus on working capital management has resulted in total growth investment of \$43m being fully funded out of operating cash flows
- New and Refurb Store Set Up Investment:
  - SCA : \$4.7m
  - BCF : \$10.3m
  - Goldcross : \$3.9m
- Store fit-out:
  - \$2.0m SCA new stores
  - \$7.9m in SCA refurb/relocations
  - \$5.2m in BCF new stores
  - \$2.1m in BCF apparel project
  - \$2.6m in Goldcross new/refurb stores
- Other Capex:
  - Reduction in spend on Supply Chain projects as Supply Chain development project largely completed in FY2008
  - IT - \$3.2m - same as 2007/8
  - Supply Chain - \$0.4m vs \$4.3m
  - General maintenance – \$5.1m vs \$4.4m

	2009 \$m	2008 \$m
Operating cash flow (pre store set up investment)	81.6	70.3
New store set up investment (costs & inventory)	(18.9)	(20.7)
<b>Operating cash flow</b>	<b>62.7</b>	<b>49.6</b>
Investing activities:		
- Store fitout	(19.8)	(16.4)
- Other capex	(8.7)	(11.9)
- Business Acquisition	(4.6)	(15.2)
Financing activities:		
- Dividends & interest	(26.8)	(22.3)
- Ext Debt repay/proceeds	5.4	18.8
<b>Net cash flow</b>	<b>8.1</b>	<b>2.6</b>

## Group Balance Sheet

- SCA average inventory of \$557k per store up by 6% compared to PCP
  - Increased stock weight of higher value products
  - Some cost increases due to commodity price and FX movements
  - Total stock units as at June 2009 were 15.5m, compared to 16.0m in June 2008
- BCF average inventory per store down by 6% compared to PCP
  - Localised ranging
  - Mix of stores
  - Inventory optimisation initiative
- Increase in Plant & Equipment primarily as a result of capital expenditure in new and refurbished stores
- Net Debt decreased by \$3.1m as a result of continued focus on working capital management, as well as reduction in acquisition and DC infrastructure expenditures

	2009 \$m	2008 \$m
Inventory		
- SCA	142.5	131.3
- BCF	64.5	57.0
- Goldcross Cycles	15.8	5.7
Total	222.8	194.0
(Trade creditors)	(116.6)	(91.2)
Net inventory investment	106.2	102.8
Plant and Equipment	87.9	79.6
Net External Debt	114.7	117.8

## Returns & Capital Ratios

- Increase in Interest Expense is primarily due to increased debt level compared to pcp reflecting investment in business development
- Finance costs include \$2.2m interest rate swap mark to market adjustment in accordance with IFRS
- All cover ratios are well within covenanted levels
- Sufficient capacity available within existing debt facility to meet forecast growth requirements. Core facility of \$120m matures in April 2011, with remaining \$60m facility subject to annual review
- Based on existing hedging position, 2009/10 full-year FX rate expected to be in line with 2008/9 (0.79)
- *All ratios are calculated on underlying results (pre BCF and Goldcross set up costs and interest rate swap MTM adjustment)*
- *Adjusted capital includes leases capitalised into debt at 6x annual charge*

	2009	2008
EPS – reported	30.2c	24.2c
Fixed charge cover	1.92x	1.90x
Average Net Debt	\$140m	\$110m

	2009	2008
Net debt : capital		
- Headline	42.3%	46.5%
- Adjusted	75.9%	76.1%
Annualised post tax ROC		
- Headline	15.6%	14.1%
- Adjusted	13.3%	12.7%



# Super Cheap Auto Group

## Group Strategy Update



# SUPERCHEAP AUTO

(5 year goal)

**NETWORK EXPANSION  
(300 STORES)**

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

**MARGIN GROWTH  
(8% EBIT)**

**ROC GROWTH  
(> 30%)**

Multi Format New Store Program :  
Circa 5 stores pa

New Channel Development

Refurbishment Program  
- Circa 40 stores pa  
- Up to \$7 m cap ex

Direct Sourcing

Inventory Optimisation

Own Brand Development

Supply Chain Development:  
- E-Commerce  
- Master Data Mgt  
- Supply Chain Methods

High Growth Categories  
- Travel and Touring  
- Garage Storage

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

Value Added Services  
- Fitment Services  
- Trade Offer

Team Member Knowledge and Skills Development

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

Multi Channel Marketing Development





BOATING \* CAMPING \* FISHING

(5 year goal)

NETWORK EXPANSION (70 STORES)

LFL SALES GROWTH (> 5% PA)

MARGIN GROWTH (9% EBIT)

ROC GROWTH (> 25%)

New Store Program :  
- 11 New BCF Stores  
- New Formats

New Channel Development

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

Own Brand Development

Direct Sourcing

Inventory Optimisation

Supply Chain Development:  
- E-Commerce  
- Master Data Mgt  
- Supply Chain Methods

Regional Ranging

Special Order Capability

BCF Club Initiatives

Team Member Knowledge and Skills Development

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

Trade Partner Collaboration  
- Data Sharing  
- Forecasting  
- Consignment

Multi Channel Marketing Development



# GOLDCROSS<sup>×</sup> CYCLES

(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

New Channel  
Development

Own Brand Development

Supply Chain Development:  
- E-Commerce  
- 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



# TEAM MEMBER DEVELOPMENT

(5 year goal)

**ATTRACTION**  
(<4 weeks vacancies)

**RETENTION**  
(>72.5%)

**SATISFACTION**  
(>77.5%)

**SAFETY**  
(LTIs < 0.15%)

**SUCCESSION**  
(> 70%)

Team Member Knowledge  
and Skills Development

Business Leadership  
Academy

Team Member Value  
Proposition Development

Human Resource Information  
Systems Development

Health and Safety Initiatives

Environmental and Social Initiatives



# Super Cheap Auto Group

Looking Forward



## ***Looking Forward***

### **Supercheap Auto**

- Expect to open five to eight new stores and refurbish 40 stores during the new year
- LFL sales growth in the first 8 weeks of new year circa 10%
- Expect further small increment in EBIT margins

### **BCF**

- Expect to open five new stores
- LFL sales growth in the first 8 weeks of new year circa 10%
- Expect to deliver further improvement in full year EBIT margins

### **Goldcross**

- Current focus is on finalising a profitable business model before further roll out
- Expect a small EBIT loss in 2009/10

### **Net Debt**

- Planned full year capital expenditure circa \$30m
- Comparative net debt expected to be reduced by \$5m (subject to 53 weeks impact)

### **2009/10 is a 53 week year**

- Sales benefit circa \$15m
- EBIT benefit circa \$1m
- Net Debt timing impact of circa \$35m

