

18 February 2010

ASX/Media Announcement

Super Cheap Auto Group announces first half results

Super Cheap Auto Group Limited (ASX:SUL) today announced a 14.5% increase in net profit after tax to \$15.5 million for the 26 week period to 26 December 2009.

Highlights from the results include:

- A 20.1% increase in the Group's underlying first half EBIT (excluding goodwill impairment of \$2.0 million)
- Continued high level of like for like sales growth in both Supercheap Auto and BCF, building on strong like for like growth in the prior comparative period
- Increased EBIT margins in both Supercheap Auto and BCF driven by gross margin improvement and cost control
- Goldcross Cycles performance below plan reflected both internal challenges and market wide slow down in sales of mid to high end bicycles
- Continued supply chain efficiencies generated improved in-stock position in store and reduction in operating costs
- Strong operating cash flow performance delivering a \$20 million reduction in Net Debt and a fully funded \$21 million investment in store development.

The Directors declared a fully franked interim dividend of 8.5 cents per share, an increase of 31% over the prior year. The dividend will be paid on 31 March 2010 with a record date of 1 March 2010. The Company will again provide shareholders with the opportunity to reinvest their dividends through the Dividend Reinvestment Plan.

Super Cheap Auto Group Managing Director, Mr Peter Birtles, said the results demonstrated the strength of the Supercheap Auto and BCF Boating Camping Fishing businesses and the benefits of continued investment in store development, supply chain, business systems and team member development.

"We are particularly pleased to have maintained good momentum in like for like sales growth, while also generating improvements in gross and EBIT margins and delivering strong operating cash flow," Mr Birtles said.



SUPERCHEAP AUTO

Sales increased by 7.7% to \$326.0 million. Like for like sales growth was 6.1%, building on like for like growth of 4.5% in the prior comparative period. During the 26 weeks, the business opened nine new stores and refurbished 25 others, including one as a Superstore, resulting in 265 stores trading at the end of December 2009.

EBIT grew by 15.3% to \$22.4 million, with the EBIT margin increasing by 0.5% points.

Gross margins increased by 0.1% 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 reduced by 0.4% points. This reduction resulted from efficiencies in marketing and support functions and was achieved despite the planned investment in store development and in store team wages to improve team member retention and customer service.

BCF BOATING CAMPING FISHING

Sales increased by 23.4% to \$125.5 million, reflecting the opening of five new stores, including the acquisition of the Explore Outdoors store in Dubbo. Like for like sales growth was 8.8%, building on like for like sales growth of 6.8% in the prior comparative period. The business had 64 stores trading at the end of December 2009.

EBIT grew by 44.1% to \$11.4 million, with the EBIT margin increasing by 1.3% points.

Gross margins increased by 1.4% points, driven by product range development, supply chain efficiencies and improved trading terms.

Operating costs as a percentage of sales increased slightly as a result of relatively higher costs associated with the larger number of smaller format stores.

GOLDCROSS CYCLES

Sales increased by 40.5% to \$12.2 million including the contribution from Oceania Bicycles. The business had 18 stores trading throughout the 26 weeks, including the seven stores opened in Queensland during 2008/09. Total sales contribution from the 11 Melbourne stores was 11.5% below the prior year.

The sales performance reflected a wider market downturn in sales of mid to high end bicycles, some product range challenges and a slower than expected build up of customer numbers in the Queensland stores.

EBIT was a \$3.5 million loss compared to an EBIT loss of \$1.6 million in the prior comparative period. Gross margins were lower than the prior year reflecting higher levels of price discounting in the bicycle market.

The Directors have reviewed the carrying value of the \$8.1 million goodwill arising from the acquisition of the Goldcross Cycles business and have recorded a write-down of \$2 million.

CASH FLOW AND NET DEBT

Operating cash flow of \$49.0 million was again higher than EBITDA of \$38.3 million as a result of the Group's continued tight control of working capital. Closing Net Debt of \$94.7 million was \$19.9 million lower than at the end of June 2009, despite investing \$21.2 million in new and refurbished stores during the half.

Net Debt remains well 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 has been around 8% in Supercheap Auto and 5% in BCF Boating Camping Fishing for the first seven weeks of the second half," Mr Birtles said.

"This is a particularly impressive performance given that we are cycling up against extremely strong like for like sales growth in the same period last year.

"The Group plans to open two new Supercheap Auto stores and four new BCF Boating Camping Fishing stores during the second half and both businesses are on track to slightly improve EBIT margins over the full year.

"Although Goldcross Cycles is expected to report an EBIT loss of between \$2.0 million and \$3.0 million in the second half, we are confident that we will leverage our demonstrated retail capabilities to rollout a profitable business model," said Mr Birtles.

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Further information:	Mr Peter Birtles Managing Director Super Cheap Auto Group 07 3482 7500	Mr Gary Carroll Chief Financial Officer Super Cheap Auto Group 07 3482 7500
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Peter Birtles and Gary Carroll will be presenting the results by teleconference today at 10.00 am (daylight saving time). To listen to this presentation simply click on the following link:

<http://www.brr.com.au/event/63945>

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