



BOATING ■ CAMPING ■ FISHING

ASX Announcement

23 February 2006

Super Cheap Auto Group (SUL) reports 17.1% Growth in Underlying Net Profit after Tax

Super Cheap Auto Group Limited (SUL) today announced its financial results for the 26 weeks ended 31 December 2005, reporting net profit after tax of \$6.0 million. This result was lower than the prior comparative period on a headline basis but 17.1% higher after adjusting for non comparative items.

Group EBIT at \$11.1 million was 18.1% higher than the prior comparative period after adjusting for non comparative items.

Group sales at \$264.7 million were 19.3% higher than the prior comparative period, although 14.3% higher, after adjusting for seasonal timing differences, as previously reported on 5 January 2006. Sales in Supercheap Auto grew by 6.3% to \$246.2m, being 4.5% higher in Australia and 23.5% up in New Zealand. BCF contributed sales of \$18.5m.

Group Net Debt decreased by \$4.4 million to \$70.8 million during the 26 weeks even though the Group invested \$17.8 million in the launch of the BCF business and a further \$9.8 million in opening 14 new Supercheap Auto stores

The Directors have declared an interim dividend of 3.0 cents per share, which is a 50% increase on the prior year interim dividend. This dividend will be paid on 5 April 2006 to shareholders who are recorded on 14 March 2006.

Commenting on the results, Mr. Peter Birtles, recently appointed Managing Director of Super Cheap Auto Group, said "Achieving growth of 17.1% in underlying earnings in tough retail conditions is a very creditable result. Across Supercheap Auto, gross margins have improved, and costs have been well controlled"

“We are also encouraged by our management of inventory with both average inventory per store and out of stocks reducing as our teams capitalise on our investment in forecasting and replenishment systems. BCF has had a very promising start, sales and gross margins are ahead of expectations, costs are in line and inventory investment is below original projections.”

“Accounting conventions dictate that we expense the investment that we have made in growing the business organically and this has had a negative impact on our reported earnings. However, we believe that the strategy of growing the business organically is one that will produce the maximum long term value for our shareholders. We will consider acquisitions in situations in which organic growth opportunities are limited.”

“Looking ahead, we anticipate that we will open another eight Supercheap Auto stores during the 2nd half in addition to focussing on strategies to drive like for like sales growth. EBIT margins in Supercheap Auto will strengthen in the 2nd half as marketing investment reduces. We have recently reviewed our plans for the next stage of development of the BCF business and we will look to open between 10 and 15 stores each year for the next 3 years.”

For further information, contact

Mr. Peter Birtles
 Managing Director
 (07) 3205 8511

Reconciliation of underlying results to reported results:

The Group’s reported results have been impacted by long term business investment:

- \$4.0m of BCF set up costs:
 - Concept development costs
 - Pre launch operating costs
 - Store set up costs
 - Launch advertising
- \$2.0m Bathurst related marketing and sponsorship
 - Has been funded through increasing advertising expenditure into the 1st half
 - There will be a corresponding decrease in the 2nd half spend vs the prior year.
- Boxing Day benefit represents the profit benefit arising from the Boxing Day sale period that is included in 2005 but not included in the 2004 results
- Inventory valuation was a one-off profit benefit arising from a change in inventory valuation methodology as reported in the 2004/05 results.

EBIT	2005	2004	% change on py
Reported results	11.1	18.3	(39.3%)
BCF set-up costs	4.0		
Bathurst investment	2.0		
Boxing Day benefit	(0.8)		
Inventory Valuation adj		(4.5)	
Underlying results	16.3	13.8	18.1%