Super Cheap Auto Group

Results for the 52 weeks to 1 July 2006

Peter Birtles, Managing Director

Gary Carroll, Chief Financial Officer

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Group Highlights

- Underlying Group EBIT increasing by 11%
- Supercheap Auto gaining market share and at the same time growing gross and net margins in difficult trading conditions
- Average inventory investment across Supercheap Auto stores reducing by over 10% whilst improving on shelf availability
- Supercheap Auto strategic initiatives on track
- The successful launch of BCF with sales and profit exceeding launch expectations
- New store investment of $37m fully funded by operating cash flow

✓ *demonstrating the strength of the business model*
✓ *reaping the benefits of our investment in developing our expertise and our systems in merchandising and supply chain management*

Group Results
– 52 Weeks to 1 July 2006

- Strong underlying profit performance driven by good control of gross margins and costs
- Strong cash flow arising from inventory reductions, while improving store in-stock positions
- Net Debt increased by circa $6m after $37+m investment in new SCA stores and BCF launch
- Reported results are negatively impacted by long-term investment in BCF and inventory valuation adjustment in prior year. These impacts have been excluded in the underlying results – refer Appendix 1 for details on the calculation
- Dividend increased to 8cps, representing 43% of underlying earnings

	$m	Reported change on py	Underlying change on py
Sales	525.9	11.9%	14.0%
EBITDA	39.6	(8.8%)	14.9%
EBIT	28.9	(17.7%)	11.2%
Earnings	16.5	(24.0%)	8.7%
Operating Cash Flow	26.8	+$22.8m	
Net External Debt	80.9	+$5.7m	
Dividend	8.0c	+1.5c	23.1%

Supercheap Auto Results
- 52 weeks to 1 July 2006

- Gross Margins were up by 0.8% pts with EBITDA margins increasing by 0.3% pts
- The Gross Margin improvement reflects:
  - Improvements in range and promotional planning
  - Improved trading terms
  - Reductions in logistics costs
- Marketing costs have increased by 0.4% pts through Bathurst investment and additional price and promotion advertising
- Occupancy Expense increased by 0.4% pts
  - Rental reviews exceeding LFL sales growth
  - Newer stores generating lower sales per sqm
  - AIFRS straight lining is forecast to provide benefit in future years
- Other Operating Costs have been tightly controlled, resulting in EBIT margins increasing slightly in 2006 despite 0.4% pts increase in Depreciation Expense
- Assessment criteria for new stores have been tightened to ensure improved return on capital from new stores

	2006 $m	**% change on py**
Sales		
- Total	481.8	3.6%
- Underlying		5.6%
Gross Margin % *	*40.1%*	*+0.8%pts*
EBITDA		
- Underlying *	42.5	10.0%
EBITDA Margin % *	*8.8%*	*+0.3%pts*
EBIT		
- Underlying *	32.4	6.8%
EBIT Margin % *	*6.7%*	*+0.1%pts*

** - 2005 excluding benefit of abnormal inventory valuation adjustment and 53 week trading period.*

Group Cash Flow

- Strong cash flow performance driven by the reduction in net inventory investment per store in the SCA business
  - This has delivered a cash flow benefit of $12.1m
- New Store Fit-out includes $4.6m in SCA and $5.2m in BCF
- Other Investing Activities is lower than 2005 due to inclusion of Camp Mart acquisition in 2005
- SCA and BCF business expansion has been fully funded through operating cash flow
- 2005 operating cash flow negatively impacted by $21.8m of additional trade creditor payments due to timing of year end balance date – no effect on 2006
- Cash flow and Balance Sheet data has been adjusted to remove equity plan SPV

	2006 $m	**2005 $m**
Operating cash flow (pre store set up)	45.9	15.2
New store set-up costs & working capital	(19.1)	(11.2)
Operating cash flow	**26.8**	**4.0**
Investing activities:		
- New store fitout	(9.8)	(5.6)
- Other capex		
-Maintenance	(3.4)	(3.4)
-IT & Supply Chain	(7.8)	(7.7)
- Other Investing Activities	0.2	(8.0)
Financing activities:		
- Dividends & interest	(11.9)	(10.9)
- Ext Debt repayt/proceeds	6.0	24.2
Net cash flow	**0.2**	**(7.2)**

Group Balance Sheet

- SCA average inventory per store reduced from $568k at June 2005 to $499k at 1 July 2006
  - Improved inventory management resulting from supply chain focus and investment in forecasting and replenishment systems
  - Has been achieved whilst improving the in stock position in store
- BCF average inventory investment per store of $1.3m is $0.2m below original projections
- Increase in Plant and Equipment as a result of capital expenditure of $9.8m in new stores
- Increase in Net Debt of $5.7m, with operating cash flows being used to fund:
  - $13.8m investment in new SCA stores
  - $23.8m investment in BCF business including fixtures, stock and set up costs
- Capitalised computer software now disclosed as an intangible asset

	2006 $m	2005 $m
Inventory		
- SCA	117.8	120.5
- BCF	17.2	2.7
Total	135.0	123.2
(Trade creditors)	(49.4)	(46.3)
Net inventory investment	85.6	76.9
Plant and Equipment	49.8	41.5
Net External Debt	80.9	75.2