

For Immediate Release

SUPER GROUP HAS TURNED THE CORNER BACK TO PROFITABILITY

- **Super Group delivers solid financial performance**
- **Profit before taxation from continuing operations increased 86.9% to R218 million**
- **Net asset value at June 2010 up 114.7% to R2.6 billion**
- **Trade gearing improves from 142% (30 June 2009) to a net cash position**
- **Strong operating cash flow of R1.1 billion**

Super Group, the JSE listed transport logistics and mobility group, is pleased to report on the financial performance and its activities for the year ended 30 June 2010. The Group performed well in the face of prevailing tough economic conditions and completed a successful financial capitalisation of just over R1.1 billion during the year. “The year under review saw the finalisation of operational changes, the implementation of stringent cost-cutting initiatives and the completion of the disposals of AutoZone and other non-core businesses,” says Super Group CEO, Peter Mountford.

Revenue decreased by 2.1% to R7.0 billion from 2009’s revenue of R7.1 billion largely as a result of the slowdown in economic activities in both the African Logistics’ business and the local fast moving consumer goods (FMCG) market.

Mountford states that the decrease of 10.5% in operating profit to R490.2 million was attributed to the decline in contributions from African Logistics and the impact of the reduced procurement activities within the International (Mauritius) operations, due to the disposal of the Super Group Industrial Products (SGIP) and Mica businesses. Mountford continues by saying that these negative impacts were partly off-set by solid performances from Supply Chain South Africa, sgfleet (Australia) and the Dealerships Division.

Supply Chain South Africa was the star performer in the **Supply Chain Division** and produced a satisfactory performance in light of the current economic climate. Although revenue was down 3.6% from R2 311.1 million in 2009 to R2 228.7 million, operating profit increased by 8.7% to R172.8 million (2009: R158.9 million) and profit before taxation increased by an impressive 102.2% to R128.6 million (2009: R63.6 million). The operating margin also improved to 7.8% compared to the 6.9% margin achieved in 2009. These results are attributable to reduced overheads and an improved performance by the Freight and Trans Africa Logistics businesses. “We are pleased to report that this division was able to renew major contracts within the

automotive and FMCG operations and obtain new contracts in the beverage, packaging and food sectors,” says Mountford. The availability of capacity within Super Park and a relatively new vehicle fleet optimally positions Supply Chain South Africa for growth in the medium term.

The overall performance by the **African Logistics** business was disappointing with revenue declining by 22.3% to R343.6 million (2009: R442.4 million), operating profit decreasing to an operating loss position of R18.9 million (2009: Operating profit of R44.8 million) and profit before taxation declining to a loss before taxation of R28.6 million. These results can mainly be attributable to softening commodity prices which resulted in a significant decrease in mining activity coupled with a decline in aid programmes which seriously impacted revenue. Operating conditions were impacted by a decline in South Bound transport rates and increased overheads due to Zimbabwe adopting a US Dollar-based economic model. Mountford mentions that: “We have already taken corrective action and downsized the business by reducing the fleet size by approximately one third and replacing in excess of 50% of the remaining fleet, reducing the average age of the fleet from 12 to 6 years. This operation is poised to deliver improved results as infrastructure and overheads are now matched to current market conditions.”

“As mentioned before, with the disposal of the SGIP and Mica businesses, activity within **International (Mauritius)** declined substantially with operating profit down 80.0% to R14.8 million (2009: R73.8 million) and profit before taxation decreasing by 72.0% to R28.1 million (2009: R100.4 million). We have been able to secure the business of AutoZone over the next three years and will continue to handle their international procurement. This remains a viable business going forward,” explains Mountford.

Revenue, reported by **Fleet Africa** within the **Fleet Solutions Division**, decreased by 5.6% from R1 034.4 million in 2009 to R976.4 million in 2010, partly due to interest rate reductions which are passed on to customers. Operating profit was down by 35.4% to R122.6 million due to the lower finance cost recoveries and an increase in maintenance costs. Nevertheless, profit before taxation rose by a satisfactory 75.5% to R58.8 million as a result of the lower finance costs paid. Cash flow generated from this operation was exceptionally strong.

Mountford says: “We are very pleased with the performance by **sgfleet (Australia)** that posted an increase in revenue of 7.8% to R763.2 million mainly as a result of a number of new contracts. Operating profit and profit before taxation were up by 60.8% and 260.2%, respectively. This result also reflects the benefit of improved vehicle residual values.”

Despite the depressed vehicle market that continued during 2010, **Dealerships** increased its revenue by a marginal 1.9% to R2 679.9 million (2009: R2 628.8 million) and returned to an operating profit position of R41.6 million (2009: Operating loss of R9.9 million). These results can be attributed to the intensive cost cutting initiatives implemented within this division. This

division, in the face of higher utility and employee costs, managed to increase its operating profit margin to 1.6%. Profit before taxation improved to R18.2 million from a loss before taxation of R57.1 million. This division also reported positive cash flows from operations, despite inventories being up 12% as at June 2010.

Services reported an operating profit of R7.6 million in the 2010 financial year, compared to an R2.9 million operating loss in the 2009 financial year. Mountford says that this was mainly as a result of head office being able to fully recover administrative expenses from the continuing operations and significant cost cutting at the corporate office level. The loss before taxation of R91.6 million is attributable to finance costs on the historic debt structure prior to November 2009.

Profit before taxation from continuing operations increased by 86.9% to R217.6 million from R116.4 million in 2009 as a result of net finance charges declining by 36.8% to R272.6 million as a result of interest rate reductions and operating cash flows of R1.1 billion. The discontinued businesses, which included AutoZone, Mica, Emerald Insurance, Hala, Herman's Truck & Accident and the remaining SGIP operations, reported a loss after taxation for the year of R3.7 million.

Headline earnings for the Group are up 115.9% to R123.9 million for the year. Adjusted earnings per share (EPS) and headline earnings per share (HEPS) are 6.5 cents and 7.4 cents, respectively. The EPS and HEPS results were diluted by the issue of the additional 2.7 billion shares in November 2009.

"We are proud of the fact that our stringent cash management initiatives have seen the Group reporting operating cash flows of R1.1 billion before working capital movements. We will continue to place a great emphasis on the management of working capital going forward," states Mountford.

Mountford concludes: "The Group has been through a period of rationalisation and with its restructured balance sheet, is positioned to optimise performance, despite the challenging economic environment. The Group has a clear strategy in place and the primary focus will be to expand the Group, organically and through strategic acquisitions, into a leading supply chain and mobility group."

Ends

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Issue date: **18 August 2010**

JSE code: SPG

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