Super Group media release

18 March 2009

Super Group, the broad-based supply chain management business, today announced a debt restructuring as well as a fully underwritten rights offer that will provide the group with R1 billion of new capital.

The rights offer, at 45 cents a share, will be underwritten by Allan Gray, one of Super Group's major shareholders, and a number of the group's bankers. While no schedule has yet been announced, debt restructuring and the rights were expected to be completed by the financial year-end on 30 June.

The group said the refinancing agreements, as a result of the credit re-rating by FitchRatings at the end of 2008, would enable the group to realign short and long-term debt with the support of stakeholders and principal funders.

Super Group had appointed RMB Corporate Finance to advise on the strategic options available to normalise the group's liquidity and credit funding position.

In addition to the rights offer, lenders have agreed to restructure their debt facilities "to allow Super Group to continue its operations without any liquidity constraints," the group said. "This includes lenders agreeing to an appropriate terming out of their existing facilities and providing additional liquidity facilities."

The group confirmed that continuing operations are profitable and the cash flow outlook is positive, with significant annuity based or contract-type cash flow. The net tangible asset value (NTAV) per share was 128.9 cents at the end of the half-year.

"The majority of the businesses are the market leaders in their areas of operation. Despite the deterioration in local and international markets, Super Group is confident that the actions taken and strategies being implemented will enable it to emerge a stronger and refocused Group with a new financial foundation."

Short-term actions have already started to yield financial and organisational improvements. These include improvements in working capital and net debt as seen in these results, the sale of non-core assets and negotiations with potential purchasers of non-core businesses as the group focuses on its core supply chain operations.

The group announced that, for the six months to December 2008, operating profit from continuing operations was R422 million, 7% lower than the comparative period in 2007. Headline earnings per share from continuing operations were 15.5 cents.

Super Group described these results as acceptable, given that they were achieved in the most challenging period in the Group's 22-year history.

For the Group as a whole, loss per share and headline loss per share of 86.7 cents and 15.6 cents are in line with guidance given in a trading update in February 2009. The results were impacted by the trading loss of R130 million in discontinued operations and the fair value provision raised on discontinuance of R294 million.

The Group generated cash from operations of R723 million, a 130% increase on the comparable period in 2008, and reduced net debt by R687 million in challenging conditions.

The core Supply Chain Management division delivered revenue and trading profit growth of 10% and 13% respectively. This was mainly as a result of increased volumes and margin improvements in the African Transport business.

In the Fleet Solutions division, FleetAfrica increased revenue by 15% to R516 million. Vehicles under management increased 8% to 60 200 vehicles. Trading profits decreased marginally as a result of increased maintenance and operating costs and higher depreciation charges in light of reducing residual values in a weakening used vehicle market.

The Australian fleet management business performed in line with expectations growing revenue by 45% and trading profit by 24%. Vehicles under management increased 28% to 71 100 vehicles. The business has successfully bedded down the acquisition of the Commercial Fleet business. Trading margins declined from 16.9% to 14.5% as a result of lower residual values, ongoing pressure on management fees and reduced maintenance margins.

Retail Supply Chain revenue and trading profit declined by 5% and 30% respectively. AutoZone performed ahead of expectation but Mica was particularly affected by declining consumer spending. Deteriorating industry conditions resulted in Dealerships' revenue declining by 21% and a 71% reduction in trading profit. Defined action plans have been implemented in both Mica and Dealerships to ensure improved profitability in the current macro-economic environment.

The Group's tax rate from continuing operations has reduced from 20% to 10% as a result of the increased relative contribution of foreign earnings in lower tax jurisdictions.

The Group reduced net debt by R687 million and at 31 December 2008 net debt amounted to R3.0 billion. The reduction is mainly due to the proceeds from the rights issue of R510 million, property disposals and increased cash generated from operations which has been used to settle short term debt.

Included in net debt is R 2 billion relating to full maintenance lease (FML) contracts and Australian non-recourse debt. The Group does not take any interest rate risk on these contracts and all finance charges are passed through directly to the customer.

At 31 December 2008 the Group had gearing, after excluding full maintenance and non-recourse debt, of 51% which is an improvement from 72% at 30 June 2008.

“The actions being taken and the strategies being implemented will secure the future of Super Group in challenging local and international conditions,” said CEO Larry Lipschitz and Chief Financial Officer Jonty Jankovich.

The focus remained on improving profitability through realigning cost structures in highly competitive markets and capital preservation through better working capital management and a curtailment of capital expenditure.

The change to banks’ lending policies because of the global credit crisis would provide funding challenges to the fleet management business. Difficult trading conditions would continue until economic confidence returned. These factors would adversely affect performance in the second half of the financial year.

Super Group has advised shareholders to exercise caution in dealing in the group’s securities until a detailed announcement is made on debt restructuring and recapitalisation.

About Super Group
Super Group (JSE: SPG) is a broad-based supply chain business. Super Group’s supply chain management division provides a platform for the group’s core expertise and offerings. This expertise is applied into vertically integrated divisions covering retail and wholesale, vehicle dealerships and fleet management. Founded in 1986, Super Group has an international footprint and offers customers a comprehensive range of products and services. For more information visit www.supergrp.com <http://www.supergrp.com> <http://www.supergrp.com <http://www.supergrp.com/> >

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