

You have said that Relationships with Suppliers are very important to the Company. Can you tell us why they are so important and how you develop strong partnerships?

Our Company has grown at over 27% compound growth over the last 10 years and many of our suppliers have received the benefit of this growth. Although the growth has been **substantial** there are times when we believe that even greater results could have been achieved, if we could have better managed our 'in stock' position across our network.

As a retailer, if we experience out of stock positions our customer is disappointed in our offer, we suffer the sales consequences and ultimately the supplier does not realise the full potential of the business.

We have sought to improve this position and that is the reason we are working with our suppliers to improve performance and efficiency through a collaborative approach on the needs of our business.

Recently we have invited our suppliers to meetings at our head office to talk about our current performance and our future plans. **We have been open** with them in regard to our successes and at the same time have been succinct in regard to problem areas of the business and where we require their assistance. We have identified areas that will create benefits for Super Cheap Auto as well as for our suppliers, covering matters such as effective forecasting, lead times, delivery efficiencies, package and barcode requirements, management of faulty goods and electronic payment processes. We have sought to identify business practices that will produce not only benefits to Super Cheap Auto, but efficiencies and growth opportunities for our suppliers.

I personally believe that it is **essential for our suppliers to be successful** if we are to be a success. There is a need to be open and frank about the issues and we do this in a fair and respectful manner. Our reputation with our suppliers has been a key to our success in past years and we look forward to growing with them into the future. We will continue this open approach to communication and hold regular meetings with all our suppliers to ensure that we achieve our mutual objectives.

How do you see the outlook for the business?

At Super Cheap Auto we believe that we have created something that is unique. **Our offer is** about product relating to the car, the house, the garage, the trailer, the boat and the yard; covering everything from automotive parts and accessories, handyman items, tools and equipment to 4x4 and marine. To many of our customers, a trip to a Super Cheap Auto store is an enjoyable experience and almost a form of entertainment. We serve our need for the customer who wants to complete that job by doing it themselves. But Super Cheap Auto is much **more than just an auto store.**

The name itself, Super Cheap Auto does not clearly explain the offer that we make to our customers. But once having experienced the store they continue to return.

In my time in retailing I have seen the lines between retail business blur. The crossover of product and replication of brands can confuse the customer. I believe it is essential to clearly define the market position of a retail business and to maintain a distinct point of difference. At Super Cheap Auto we believe we have been successful at doing this through our marketing, our product offer and the presentation of our stores. We will continue to search for areas of **distinct point of difference** and be ahead of our retail competitors.

Response from customers in all states of Australia and New Zealand has proven our concept to be correct. It is now our responsibility to continue to update our offer to meet our customer's future expectations. Our focus at this point in time is on achieving our objective of 300 stores across both Australia and New Zealand... **and I look forward** to reporting to all our team members and shareholders on progress over the years to come.

