

RR Australia Limited

radio  rentals  rentlo



FY2009 Half Year Presentation

John Hughes
Managing Director

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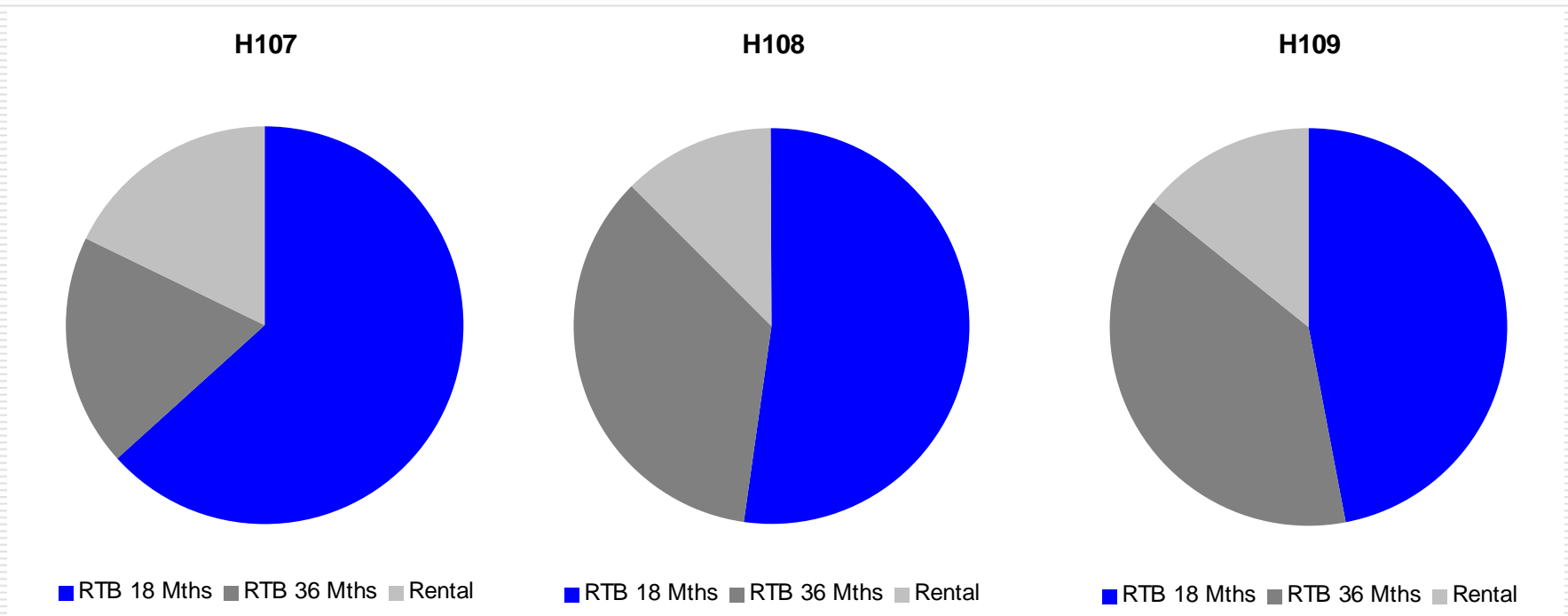
Peter Eaton
CFO

Financial Highlights

- Revenue up 6.8% to \$63.3m
- 5.6% customer growth
- Arrears at record lows
- EBIT lift of 28% to \$8.7m
- PAT of \$5.8m - 29% increase
- EPS of 4.56 cents - 28% increase
- Strong balance sheet - 9% debt/equity
- Fully franked interim dividend of 1.88 cents per share

Revenue Growth: 6.8%

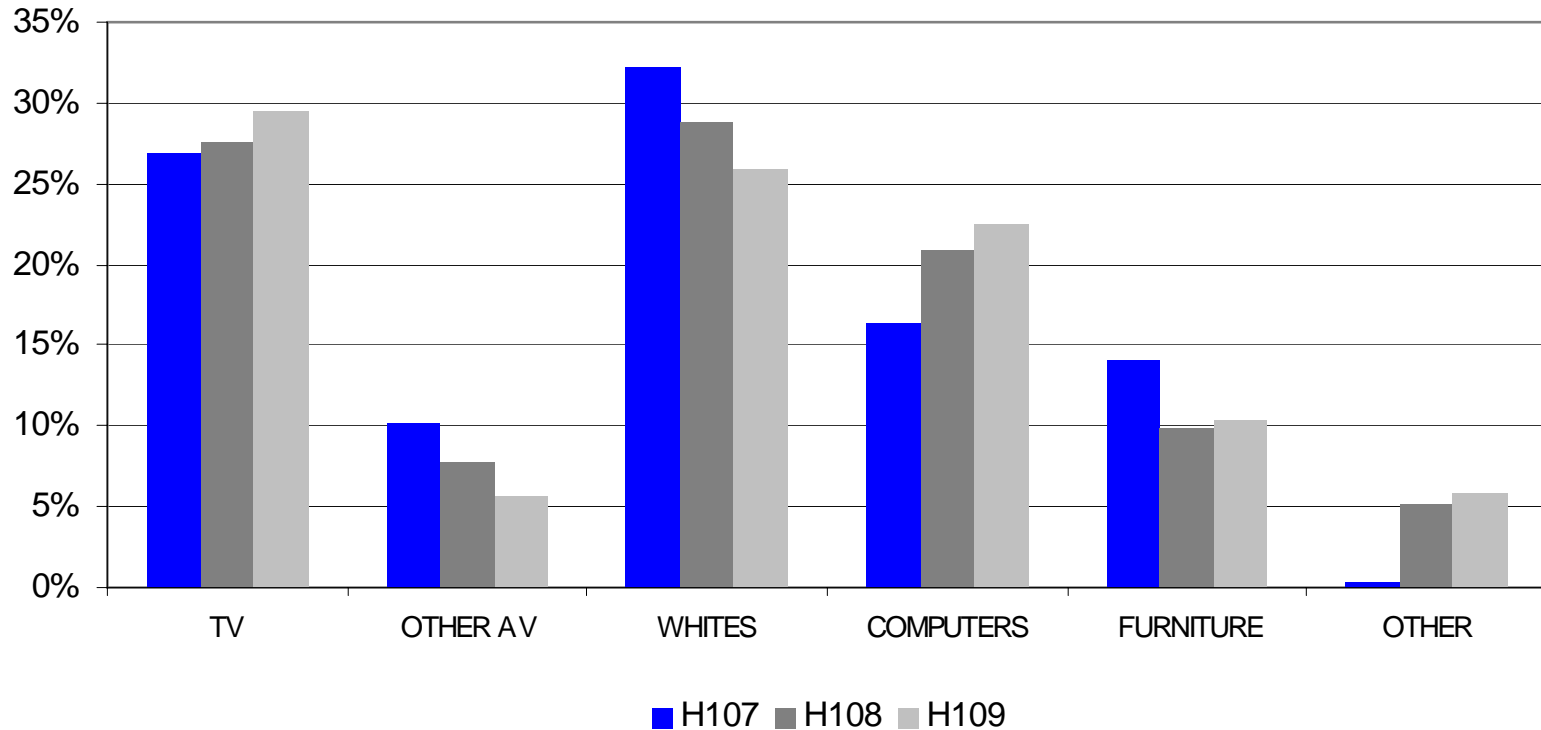
Installation Revenues (Dues):



- RTB comprised 86% of all installation revenues during H109
- Continued lift in RTB 36 month contracts related to Flat Panel and PC growth of 16%

Revenue Growth: 6.8%

Installation Revenues (Dues):



- Computers and Flat panel TVs continue to dominate the mix.
- Exercise equipment continues to grow as a product segment

Customer Growth: 5.6%

- Same store growth 4.2%
- Sound contribution from SA >1,000 new customers
- 2% lift in average payments per customer
- Average units per customer steady at 2.41
- Commercial - focus on key accounts
- Situational - increasing demand in inner metro locations
- Short term - softening demand

Customer Growth: 5.6%

- Continued focus on TV advertising
 - Emphasis on providing access within customer capacity
“see what we can do for you”
- Websites
 - 50,000+ ‘hits’ per month - favorable Rentlo & Cashfirst impact
 - 1,900+ online applications per month - 35% increase
 - Focus on search engine optimization & marketing
- Maintaining strong marketing spend at \$4.7m
 - Included \$500k on new initiatives

Arrears at Record Lows

- Record low arrears 21.5% (H109 average)
- Compulsory Automated Payments
 - 67+% of rental dues
- System Enhancements
 - Refinements in risk profiling
 - Improvements in customer contacts with new staff scheduling
 - Further process automation
- SEQ
 - Successful trial of new metro team structure
 - Rollout now planned for Sydney, Melbourne & Perth

Profit & Loss: 29% NPAT



	H107	H108	H109
Revenue	49,595	59,228	63,257
Gross Profit	31,444	35,366	38,792
Opex	(27,280)	(28,897)	(30,163)
Opex %	55.0	48.8	47.7
EBIT	4,529	6,768	8,687
EBIT %	9.1	11.4	13.7
NPAT	1,826	4,533	5,831
NPAT %	3.7	7.7	9.2

- Continued reductions in Opex % to revenue
- Growth in GP% attributable to increased finance lease interest revenues

Balance Sheet: 9% debt/equity

As at:	Sep 2007	Mar 2008	Sep 2008
Current assets	13,642	18,663	17,142
Non current assets	72,804	72,833	75,882
Total Assets	86,446	91,496	93,024
Current liabilities	22,482	28,270	20,872
Non current liabilities	5,942	906	7,065
Total Liabilities	28,424	29,176	27,937
Net Assets	58,022	62,320	65,087
Contributed equity	49,649	49,649	49,649
Retained earnings	7,223	11,311	13,968
Reserves	1,150	1,360	1,470
Total Equity	58,022	62,320	65,087

- Debt facility renewed to 2011
- Total asset growth attributable to growth in the finance lease receivables

Cashflows

For the period ended:	Sep 2006	Sep 2007	Sep 2008
Cash receipts from Customers	49,186	54,257	59,954
Acquisition of rental assets	(17,052)	(20,476)	(20,978)
Proceeds from the sale of rental assets	1,003	659	605
Cash loans advanced			(1,712)
Cash paid to suppliers and employees	(30,902)	(30,862)	(36,193)
Interest paid	(1,718)	(116)	(324)
Interest received	122	132	130
Income tax paid	(1,500)	(3,907)	(2,866)
Net Cash Used in Operating Activities	(861)	(313)	(1,384)
Net Cash Used in Investing Activities	(389)	(1,240)	(1,276)
Net Cash Used in Financing Activities	-	(4,235)	(2,174)
Net Movement in Cash	(1,250)	(5,788)	(4,834)

- H109 Operating cash impacted by Cashfirst loan book growth
- Cash paid to suppliers and employees impacted by the timing of marketing campaigns - payments settled prior to 30 Sep 08.

Growth Strategies

-  rentlo

-  cashfirst™

-  **BIG
BROWN
BOX**
.com.au™

Rentlo

- Elizabeth store (northern corridor)
 - Well above expectations
- Lonsdale premises (southern corridor)
 - Underperformed with lack of store presence (depot only)
 - New store now open in St Marys - October
 - Significant lift in performance
- Rent Try Buy[®] offering well received
- Customer response very positive
- Advertising now in line with other states
- >1,000 new customers and growing



Cashfirst

- Staged national rollout completed in September
- Emphasis on internet applications
- Interest rates competitive and below statutory 'caps'
- Circa 38% account approval rate
- >75% 'new' customers - higher quality
- No impact on current business
- Arrears & write-offs below projections
- Competitors under pressure - regulation and funding
- Steady growth & loan book approaching \$3m



BigBrownBox.com.au

- Launched 17th November
- Market is currently underserviced
- Strong supplier support
- Purchasing model is cashflow positive
- Low cost structure which leverages:
 - Radio Rentals logistics/administration; and
 - NARTA buying power
- Tough market conditions
 - Declining margins
 - High stock levels
 - May see rationalising of traditional retailers



Company Strengths

- Solid 'base' business
- Strong cashflows
- Sound strategic initiatives for growth
- Very low gearing
- May benefit from economic downturn
- Capacity to leverage 'core competencies'

Company Outlook

- Potential market growth as conditions worsen
 - Possible resurgence in commercial area with scarcity of capital
 - Tightening of consumer credit
- Continued solid growth potential:
 - Rentlo;
 - Cashfirst; and
 - BigBrownBox.com.au
- Maintaining major presence with TV advertising
- Positive PAT growth for Full Year
 - 7-10% increase
 - \$11.6m-\$12.0m