



## ASX ANNOUNCEMENT

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17<sup>th</sup> January 2008  
Sydney Australia

### **RR Australia – Strong performance outlook and expansion plans on-track.**

RR Australia, which trades as Radio Rentals, today announced that October to December trading and profit met expectations and that this reinforces earlier guidance that “the Company is well positioned to produce a solid full year result, which is consistent with analyst expectations”, being around \$10m after tax and some 50% above the 2006/07 year.

During this period customer arrears continued to improve with a reduction of 15% over the prior year. Managing Director John Hughes remarked that “our increased focus on matching customer risk to product value, ensuring customer affordability and the introduction of mandatory automated payments, which now exceed 60% of our customer base, have certainly reaped good rewards in reducing overdue accounts.”

Mr Hughes added that “whilst most of our customers are financially constrained the impact of any interest rate rise is expected to be minimal given that the majority of them do not have a mortgage. Being somewhat anti-cyclical in nature any downturn in the economy should produce further positives for us by creating growth in our market segment. This is in stark contrast to the US sub-prime market crisis where consumers have been over extended on unaffordable property mortgages, which bears no relation to our market or business.”

Further to this the Company’s considerable rental base generates significant recurring revenues streams and cash which places it in a very strong position with only some 2% nett debt and circa \$20m in available funding. This will provide substantial scope for Radio Rentals to develop a number of strategic options during the 08/09 period.

As part of its expansion strategy the company confirmed that the trial of cash loans in Tasmania is ready for launch at the end of January with marketing focussed on attracting past Radio Rentals customers who have a strong credit history. Mr Hughes commented that “with a significant number of quality past rental customers on our system we have a tremendous pool of potential borrowers. These are people who have had an excellent relationship with us and many of them have used their history with us to obtain loans elsewhere”.

In addition Mr Hughes reaffirmed that the Company would be expanding its geographic base with stores opening in the Adelaide market under the Rentlo brand. Rentlo has high brand recognition in SA, having been a leading rental business in that market for many years. He stated that “we see South Australia as a very strong potential market for expansion and our first store is due to open in April in Elizabeth, which is a prime rental area and senior management has been appointed”.



# RR Australia Limited

ACN 072 507 147

The other strategic initiative being developed and which is planned for launch during the second half of the 08/09 financial year is a full scale retail internet site which will leverage off current system and logistic capabilities. This will be aimed at the broader consumer electronics market and will enable RRA to capture credit card sales as well as providing a platform for the introduction of a very competitive rental offering that directly competes with those currently available through major retailers.

A fully franked interim dividend of 1.78 cents per share is to be paid on 18<sup>th</sup> January.

For further information please contact:

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