

RR Australia Limited



FY2008 Full Year Presentation

John Hughes
Managing Director

May 2008

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CFO

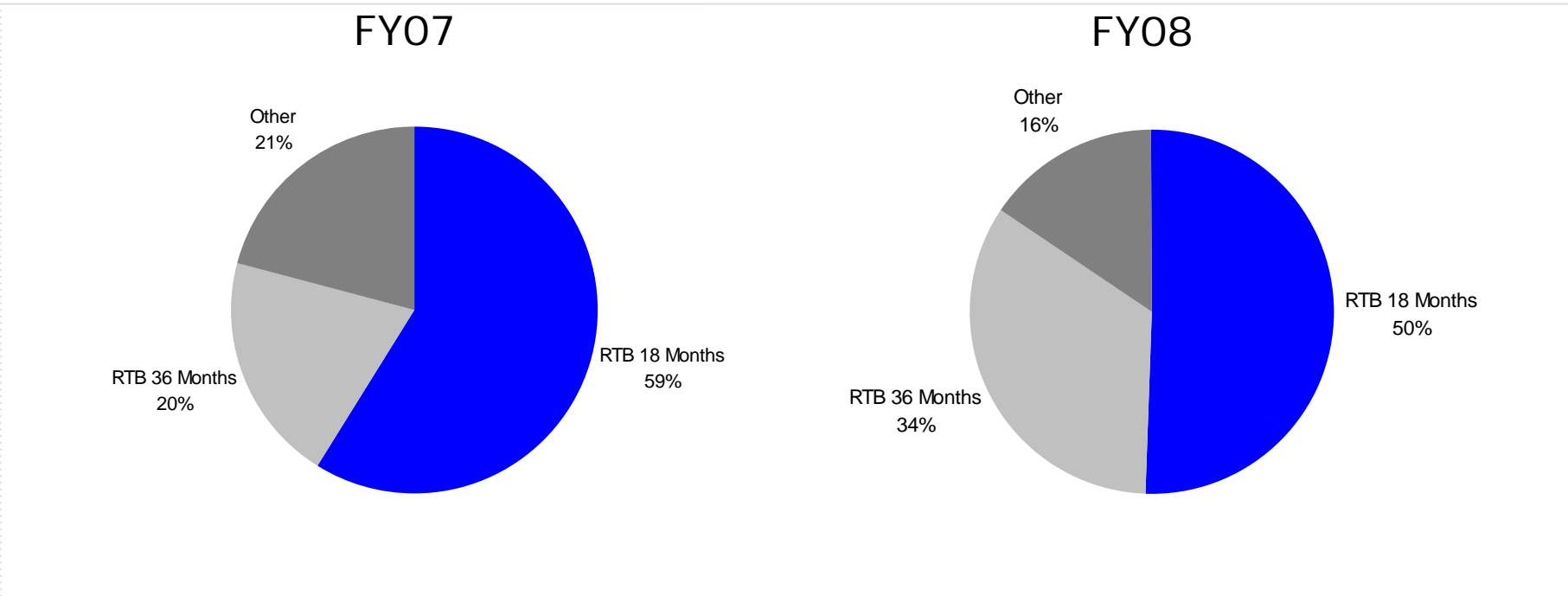
Financial Highlights

- Revenue up 16% to \$116.7m
- 4% customer growth - 21% growth in 'new' customers
- Arrears 15% below prior year
- EBIT lift of 32% to \$16.3m
- PAT of \$10.9m - 67% increase
- EPS of 8.52 cents - 66% increase
- Strong balance sheet - zero net debt
- Fully franked final dividend of 2.48 cents per share



Revenue Growth: 16%

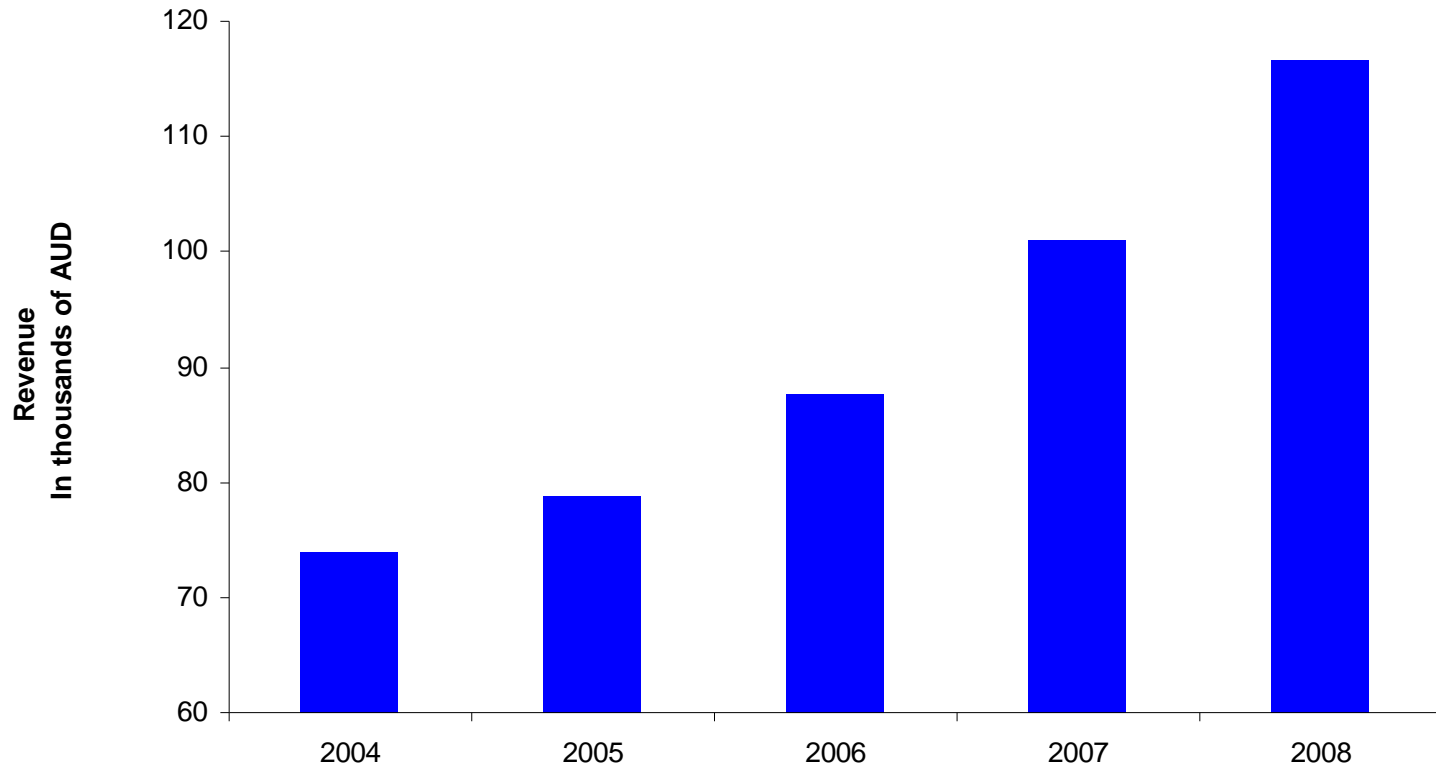
Installation Revenues (Dues):



- Continued lift in RTB 36 month contracts directly related to finance lease revenue growth of 77%



Revenue Growth: 16%



- Continued growth of new product segments
- Traditional products segments remain strong



Customer Growth: 4%

- Major expansion in metro areas
- 21% increase in 'new' customers
- Expanded product range
- 6.5% lift in average payments per customer
- Stable average units per customer at 2.47
- Commercial steady - concentration on key accounts
- Situational/short term
 - Focus on university market - 38 campuses
 - Olympics opportunity



Customer Growth: 4%

- 63% increase in TV advertising
 - Strong 'Call to Action' theme
 - Emphasis on metro markets
 - Further 60% increase for 08/09
- New website
 - Over 30,000 'hits' per month
 - Averaging 1,400 online applications per month
 - Major focus on search engine optimization & marketing
- Total marketing \$7.0m, up 11%
 - 50% lift in second half to drive year-end



Arrears Reduction: 15%

- Compulsory Automated Payments
 - Approaching 65% of rental dues
- System Enhancements
 - Improved 'scorecard' for matching customer risk to product value
 - 9 'touchpoints' in first 30 day cycle
 - Earlier action on delinquent accounts
 - Increased automation of processes e.g. SMS messaging
- Bad debt percentage has reduced



Profit & Loss: 67% NPAT



	FY07	FY08		
Revenue	101,039	116,722	↑	16%
Gross Profit	64,510	71,479	↑	11%
Operating Costs	(52,828)	(55,656)	↑	5%
EBIT	12,297	16,262	↑	32%
EBIT %	12.2%	13.9%		
NPAT	6,542	10,899	↑	67%
NPAT %	6.5%	9.3%		

-Operating costs reduced from 52.2% to 47.6% of revenue



Balance Sheet: Zero net debt

As at:	Mar 2007	Mar 2008
Current assets	16,542	18,663
Non current assets	68,219	72,833
Total Assets	84,761	91,496
Current liabilities	21,855	28,270
Non current liabilities	8,504	906
Total Liabilities	30,359	29,176
Net Assets	54,402	62,320
Contributed equity	49,649	49,649
Retained earnings	3,925	11,311
Reserves	828	1,360
Total Equity	54,402	62,320

- \$20M funding facility renewed with Westpac in April for 3 years



Cashflows

For the period ended:	March 2007	March 2008
Cash receipts from customers	104,015	115,358
Acquisition of rental assets	(30,295)	(37,133)
Proceeds from sale of rental assets	1,910	1,411
Cash paid to suppliers and employees	(65,912)	(67,227)
Interest paid	(2,728)	(426)
Interest received	326	238
Income tax paid	(1,500)	(5,587)
Net cash used in operating activities	5,816	6,634
Net cash used in investing activities	(683)	(2,129)
Net cash used in financing activities	(2,904)	(6,513)
Net increase/(decrease) in cash and cash equivalents	2,229	(2,008)
Cash and cash equivalents at 1 April	4,753	6,982
Cash at end of reporting period	6,982	4,974

- FY07 tax liability of 3m paid in September 2007 as no instalments were previously paid.
- 23% increase in rental asset expenditure due to lower levels of old stock being returned plus investment in new products.



Growth Strategies

- South Australia expansion - Rentlo



- Internet retail business



Growth Strategy: Rentlo SA

- Two (2) stores opened April 2008
- Very competitive offering with Rent Try Buy®
- Customer response has exceeded expectations
- Advertising curtailed to enable catch-up
- Recruitment of additional personnel underway
- Potential for additional stores in 2009

Note: An unrelated company operates as Radio Rentals in SA



Growth Strategy:



- Tasmania/Victorian trials underway
- Interest rates competitive and below statutory 'caps'
- Circa 25% account acceptance level
- 79% 'new' customers - higher end of range
- Arrears below projections - no 30 day accounts
- National rollout by end Sept.
- Competitors under pressure



Growth Strategy: Internet Retail

- Comprehensive Product range - major supplier support
- Market is significantly underserved
- Purchasing model is cashflow positive
- Low cost entry which leverages:
 - Logistics/administration; and
 - NARTA buying power
- Pre-Christmas launch



Company Strengths

- Solid 'base' business
- Strong cashflows - sufficient to fund growth of 'base'
- Sound initiatives for strategic growth
- Very low gearing
- Ability to withstand market downturn - anticyclical
- Capacity to leverage 'core competencies'



Company Outlook

- Solid increases to continue in Plasma/LCD and PCs
- Significant growth potential:
 - South Australia;
 - Cashfirst; and
 - Internet retail
- Potential market growth with interest rate pressure
- Expanding customer base with increased TV advertising
- Further operational efficiency gains
- Positive PAT growth

