

# 2017 Half Year Results Presentation

August 2017



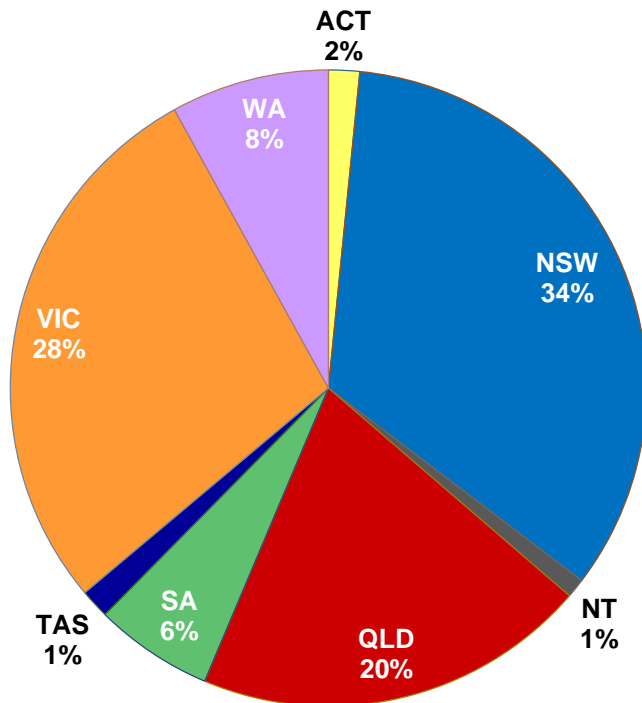
**AP EAGERS** Established 1913

# 2017 Half Year Highlights

- Record statutory profit before tax \$68.1m, up 0.3% on 1H16
- Record net profit after tax \$49.3m, up 0.4% on 1H16
- Statutory (basic) EPS of 25.4 cents, a decrease of 3.0% on 1H16
- Record fully franked interim dividend of 13.5 cents, up 3.8% on 1H16
- Strong result from SA / VIC / TAS / NSW / NT Car Retailing segment
- QLD faced tough trading conditions
- Strong improving profitability in Truck Retailing segment results
- Further profit gains on property sales yet property portfolio lifts in value to \$304.1m
- Strong balance sheet

# Australian New Vehicle Sales – June YTD 2017

**Total Australian Market Share by State  
(VFACTS)**

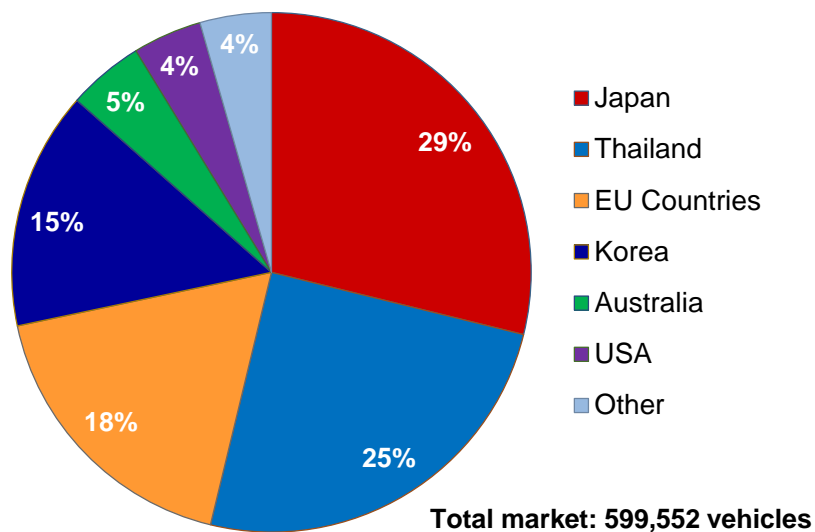


**Total market: 599,552 (1H16: 598,140) - Up 0.2%**

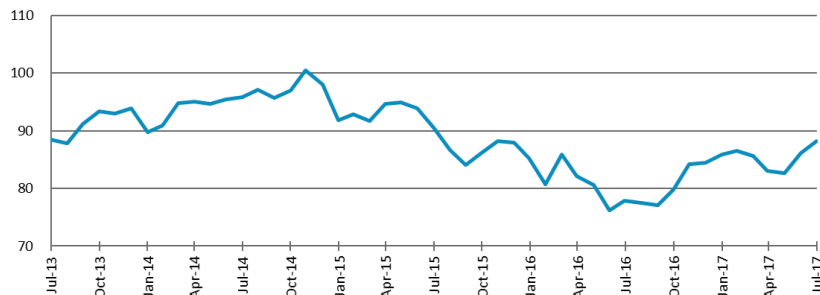
- New vehicle market up 0.2%
- WA market share down 1%
- VIC market share up 1%
- Light commercial vehicle market share up 1% to 20%, offsetting decline in luxury vehicle market share of 1% to 11%

# Exchange Rates

**New Vehicle Sales (VFACTS)  
by Country of Origin**



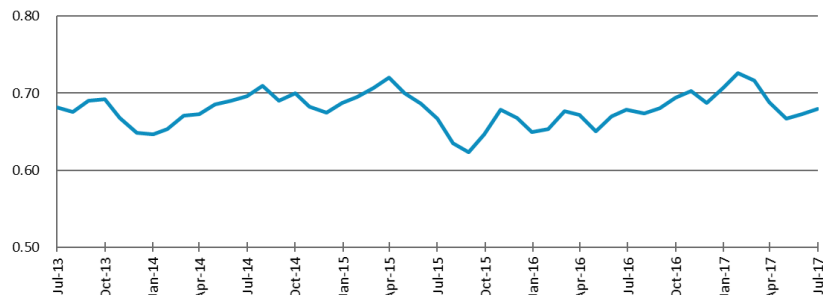
**Monthly 5 Years: AUD / JPN**



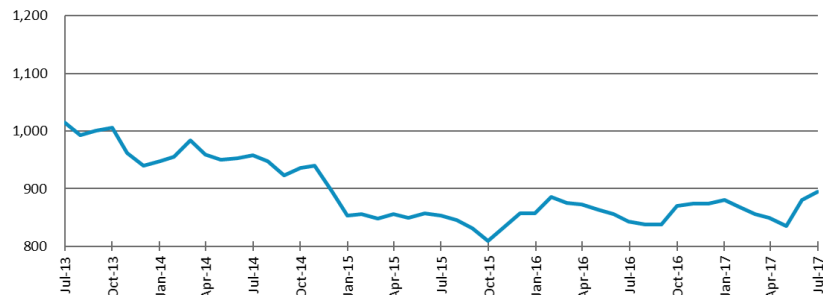
**Monthly 5 Years: AUD / USD**



**Monthly 5 Years: AUD / EUR**

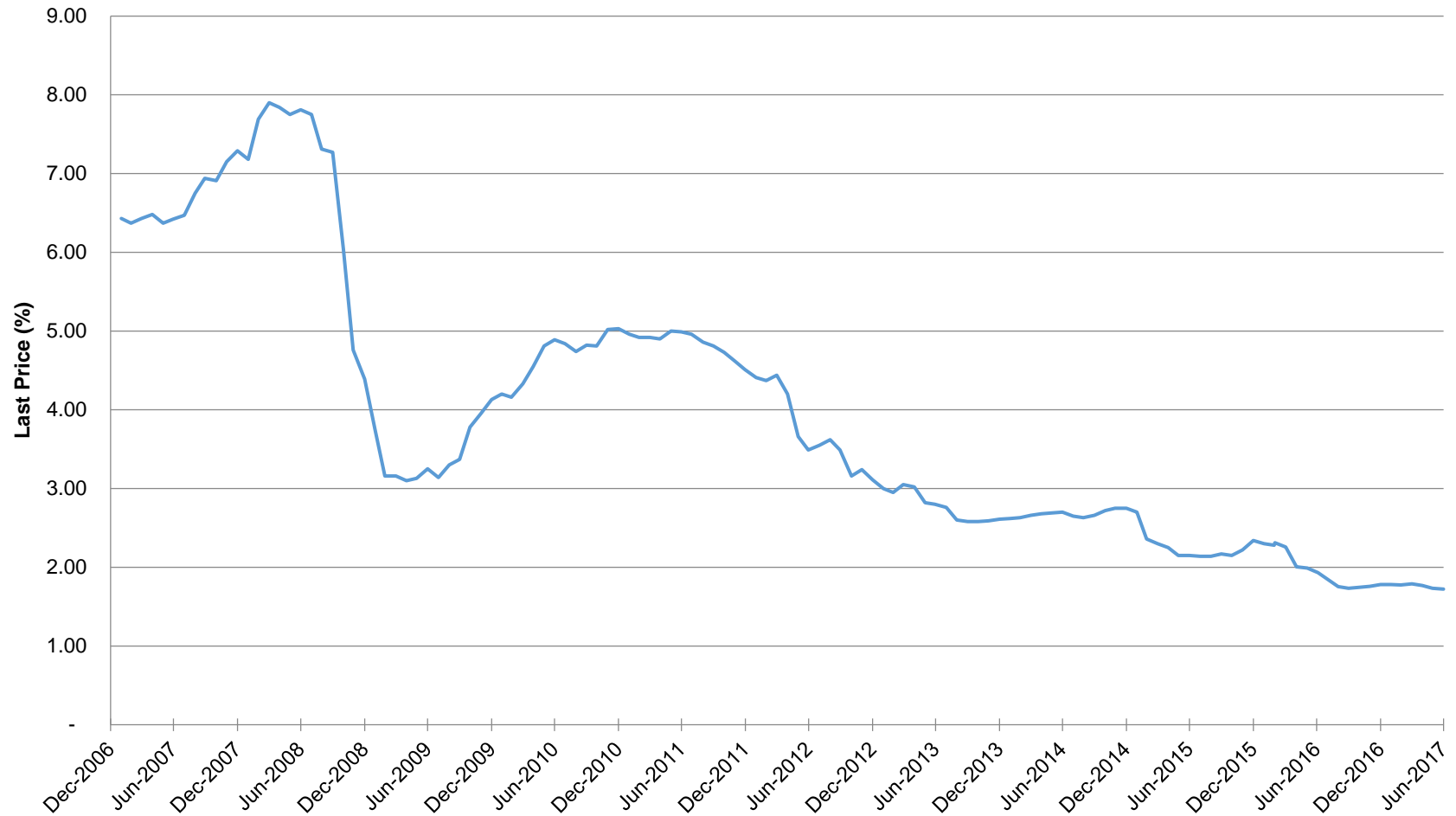


**Monthly 5 Years: AUD / KRW**



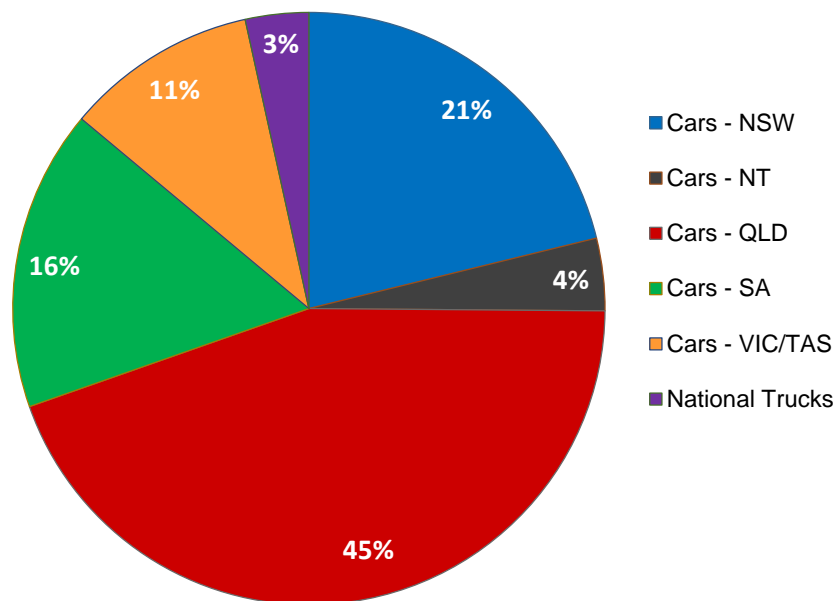
# Affordability

## 90 Day Bank Bill Rate

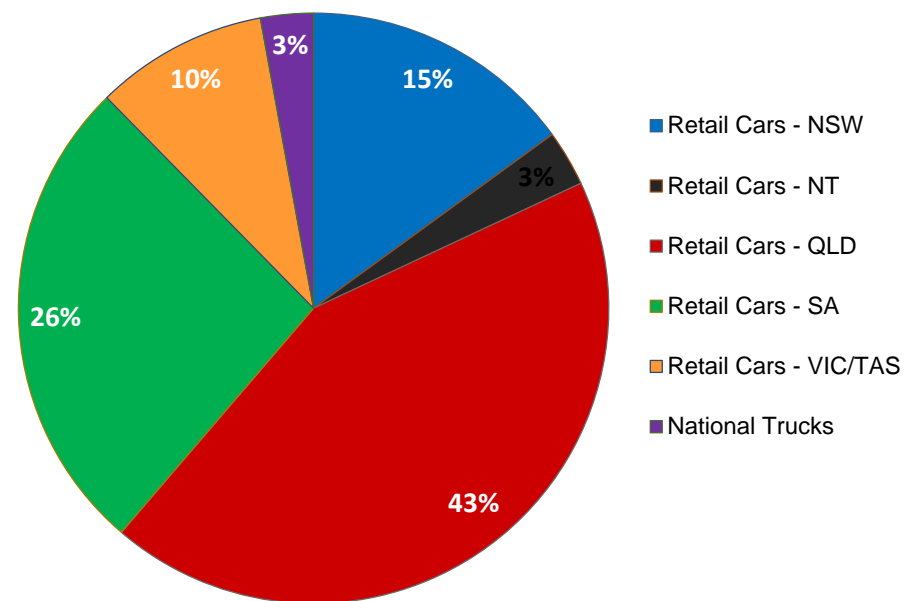


# APE Vehicle Sales 1H 2017

**APE New Vehicle Sales by State**  
Total 31,110 + 8.0% (5.2% of National Market)



**APE Used Retail Vehicle Sales by State**  
Total 12,319 <sup>(1)</sup> + 10.5% (est. 1.1% of National Market)



(1) Auction sales of 3,116 units excluded from total (1H16: 2,723)

# 2017 Half Year Highlights - Financial

- Statutory (basic) EPS of 25.4 cents, a decrease of 3.0% on 1H16
- Record fully franked interim dividend of 13.5 cents, up 3.8% on 1H16
- EBITDA \$88.8m, up 2.5% on 1H16
- Underlying<sup>(1)</sup> net profit before tax increased by 2.6% to \$68.3 million
- Cash flow from operations of \$100.3m
- Continued financial strength and flexibility: - EBITDA/Interest cover 7.2 times (1H17)  
- EBITDA/Interest cover 7.0 times (1H16)

<sup>(1)</sup> Underlying adjustments include property revaluations \$0.2 million and benefit from tax refunds associated with previous years' GST payments \$0.01 million.

# Financial Summary

\$ Million	1H17	1H16	Change	
Revenue	2,033.4	1,838.3	Up	11%
EBITDA	88.8	86.7	Up	2%
EBIT	80.5	80.2	Up	0%
PBT	68.1	67.9	Up	0%
PAT	49.3	49.1	Up	0.4%
Cash from operating activities	100.3	71.0	Up	41%
NTA/share	2.30	2.33	Down	-1%
Net gearing excluding bailment debt	24.6%	24.8%	Down	-1%

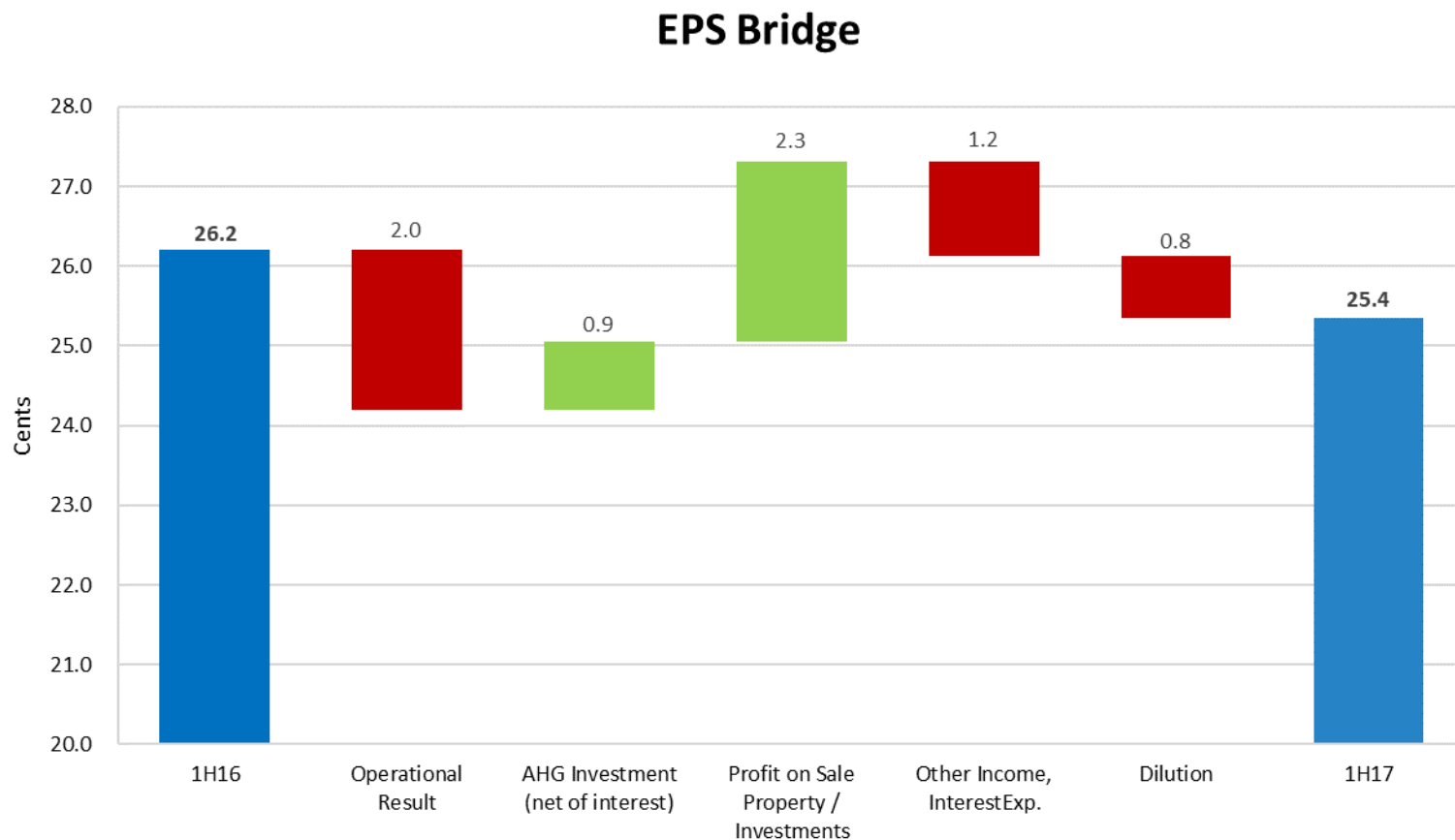


# Balance Sheet - Summary

- New vehicle inventory funded by bailment debt
- Parts and most used vehicle inventory is balance sheet funded
- Increased investment in AHG to 23.0% shareholding (YE16: 20.0%), valued at \$255.5m, divested SIQ investment
- Substantial property portfolio underwrites the company's financial position
- NTA decreased by 5.7% to \$2.30 per share (YE16: \$2.44) due to revaluation decrement on AHG investment

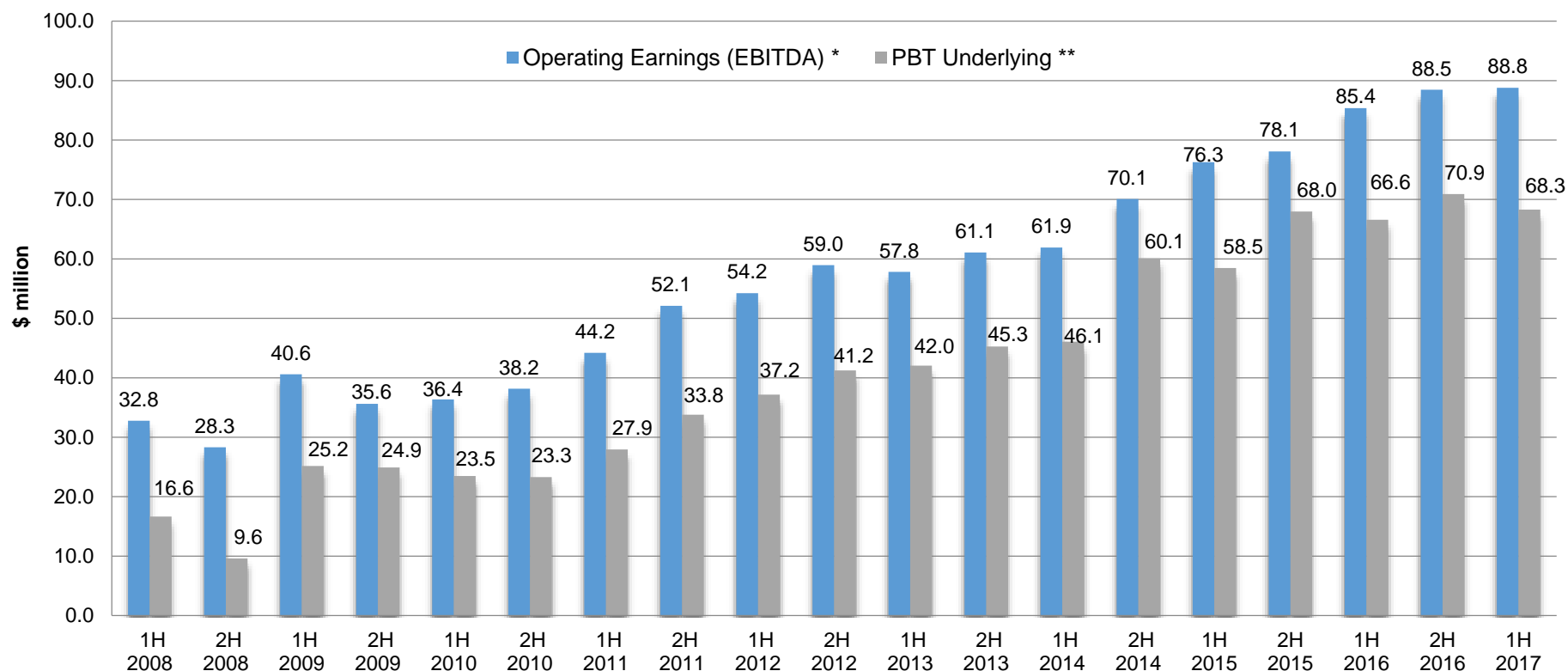
	1H17 (\$M)
CA - CL	110.4
Freehold Property	304.1
Other Non Current Tangible Assets	70.7
Investments	265.7
Intangible Assets	298.9
Non Current Debt	(283.7)
Other N/C Liabilities (Deferred tax, and provisions)	(27.8)
<b>Net Assets</b>	<b>738.4</b>

# Earnings Per Share



# Financial Trends – Underlying PBT

## Financial Trends: Underlying PBT

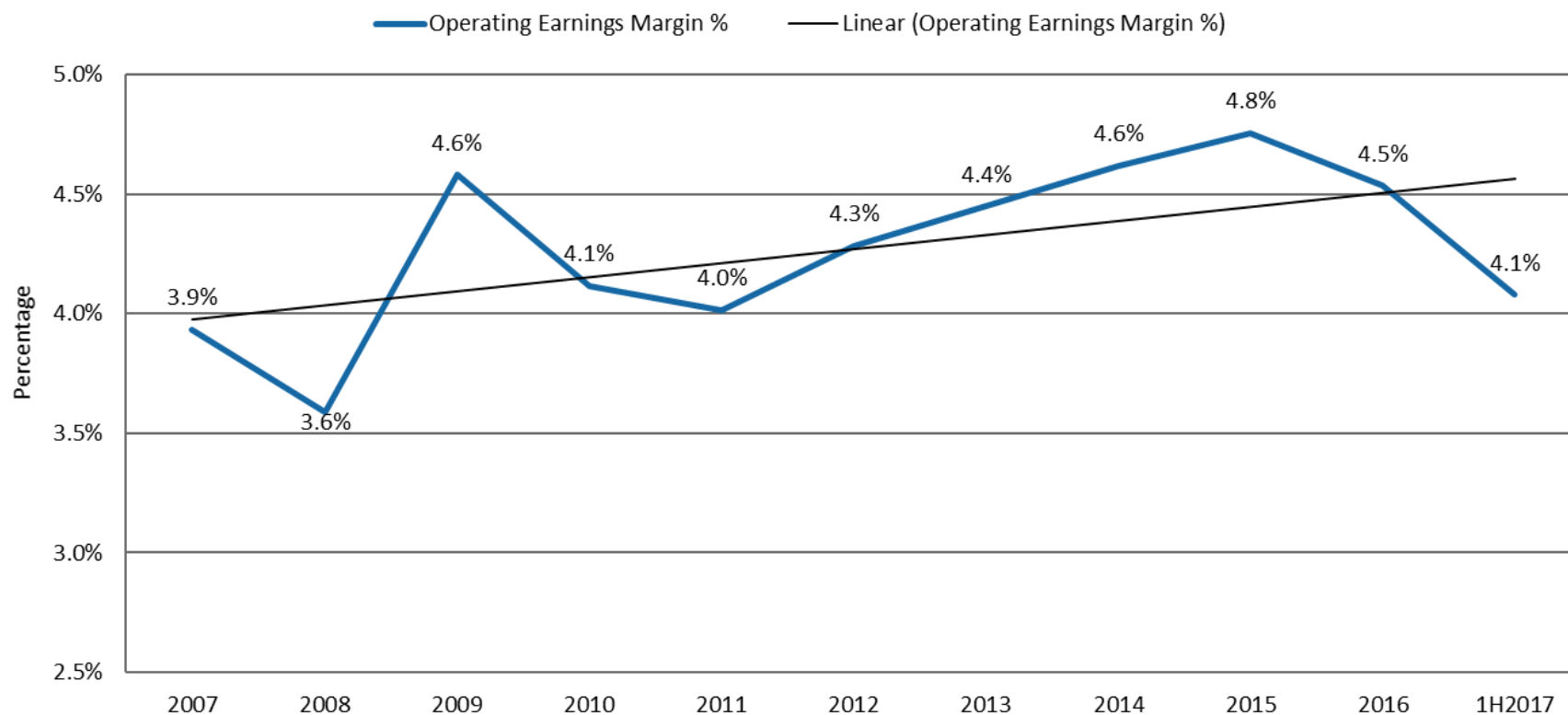


Operating Earnings is EBITDA Underlying excluding profit/loss on sale of assets and from associates. It includes AHG dividend.

PBT Underlying excludes business acquisition costs, GST tax refunds and fair value adjustments relating to freehold property assets, goodwill and investments

# Financial Trends

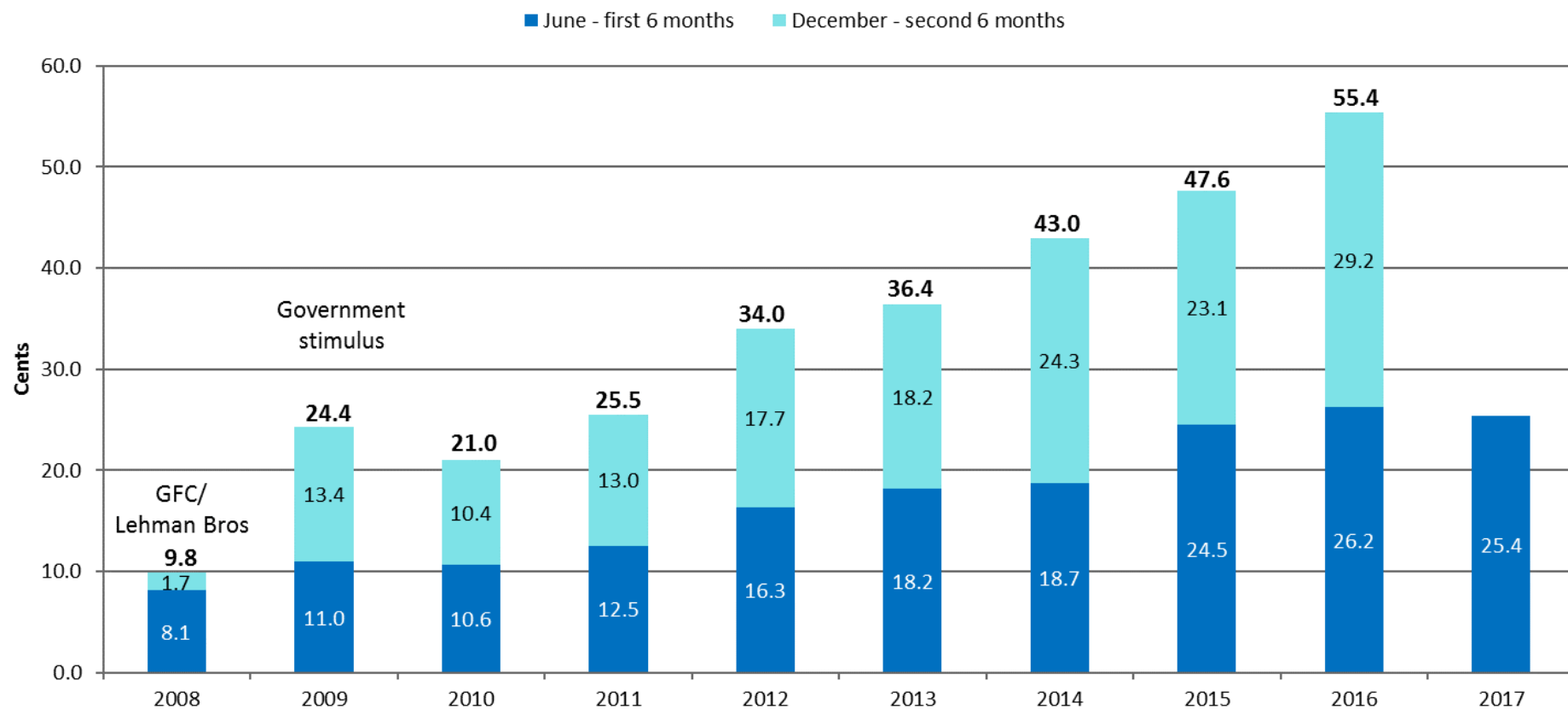
## Operating Margin



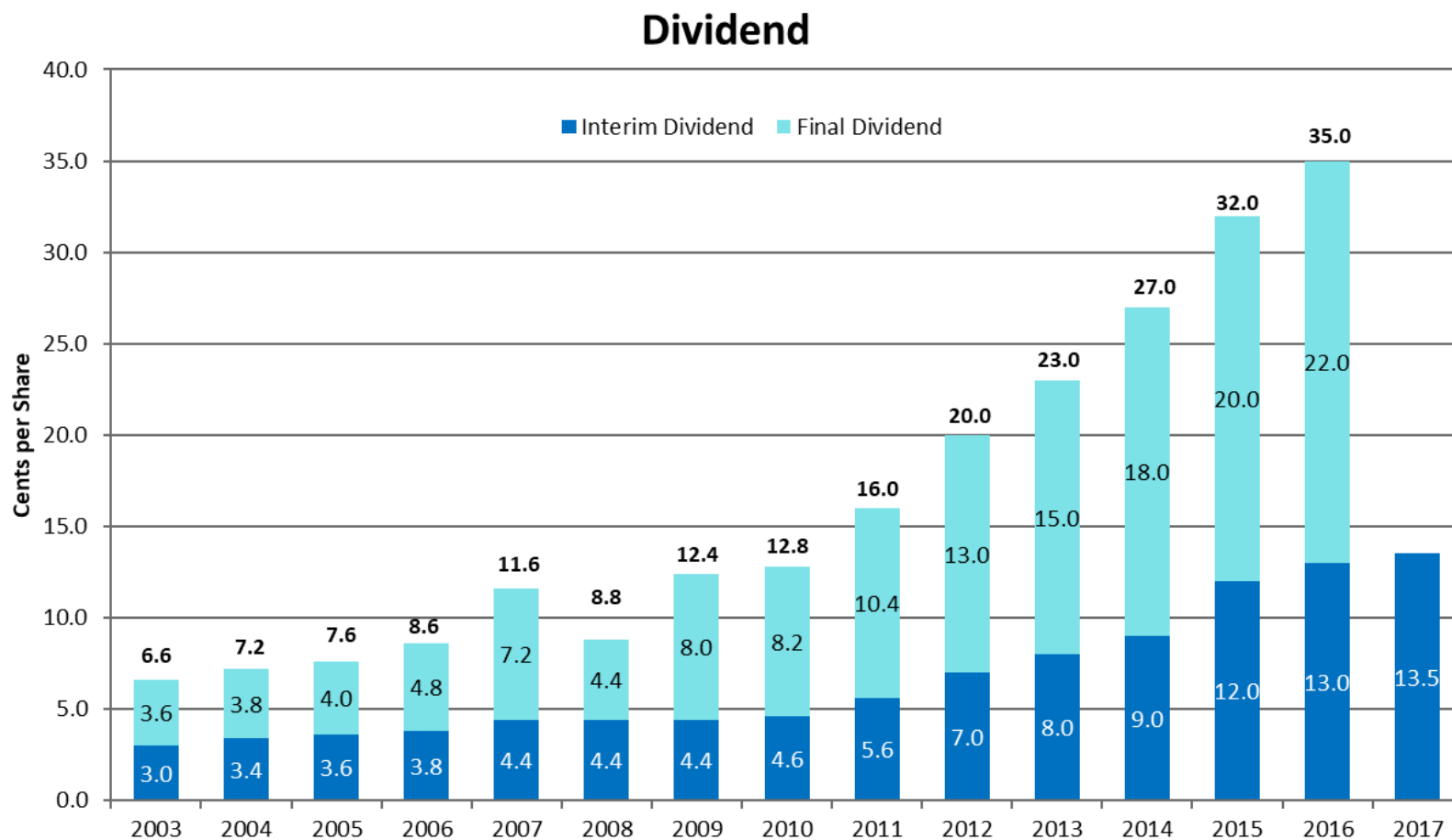
*Operating Earnings is EBITDA Underlying excluding profit/loss on sale of assets and from associates. It includes AHG dividend.*

# Financial Trends

## EPS Statutory (Basic)



# Financial Trends



# Segment Results

## Car retailing

Strong results from VIC and TAS operations, NSW and SA performed well, challenging market conditions impacted QLD results. Strong trading in parts and service businesses

## Truck retailing

Consistently strong profit performance, divestment of Sydney Truck Centre. Improved results in new truck division

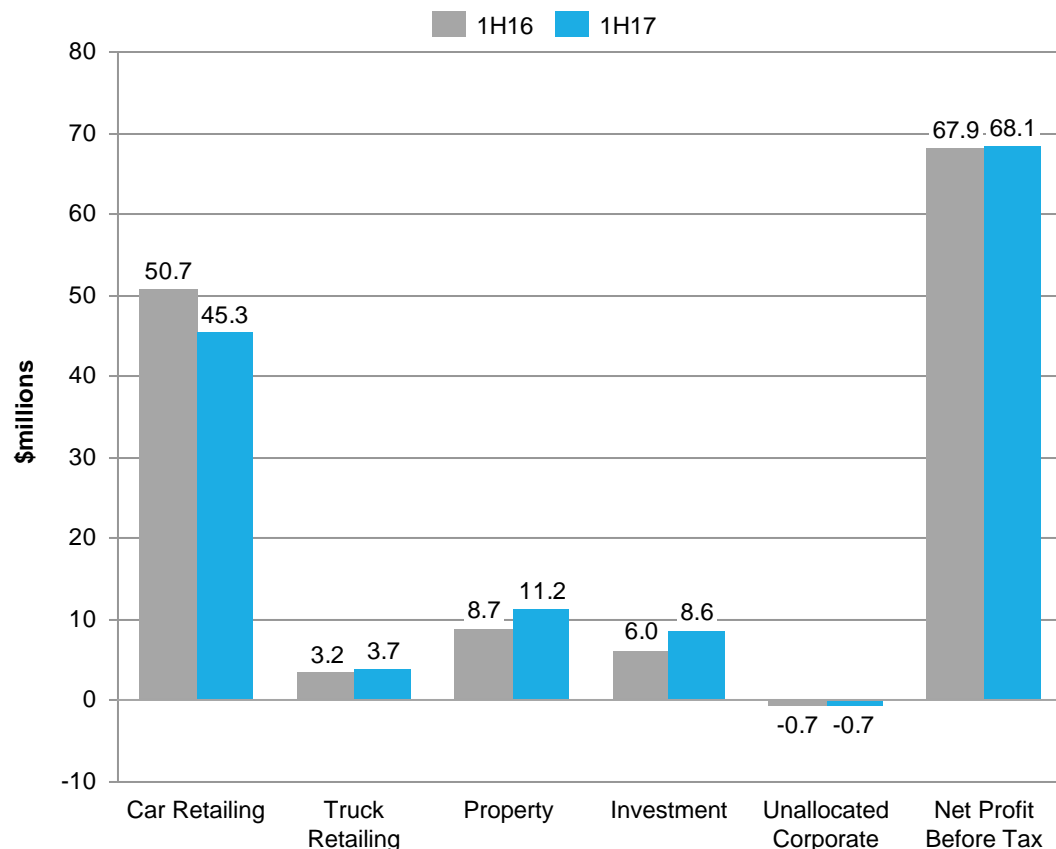
## Property

Recorded gain on sale of property, completed build and opened new Jag Land Rover building at Newstead, QLD

## Investment

Dividend income, profit before tax excludes and unrealised loss on revaluation of AHG investment

## Segment Contributions



# AHG Investment

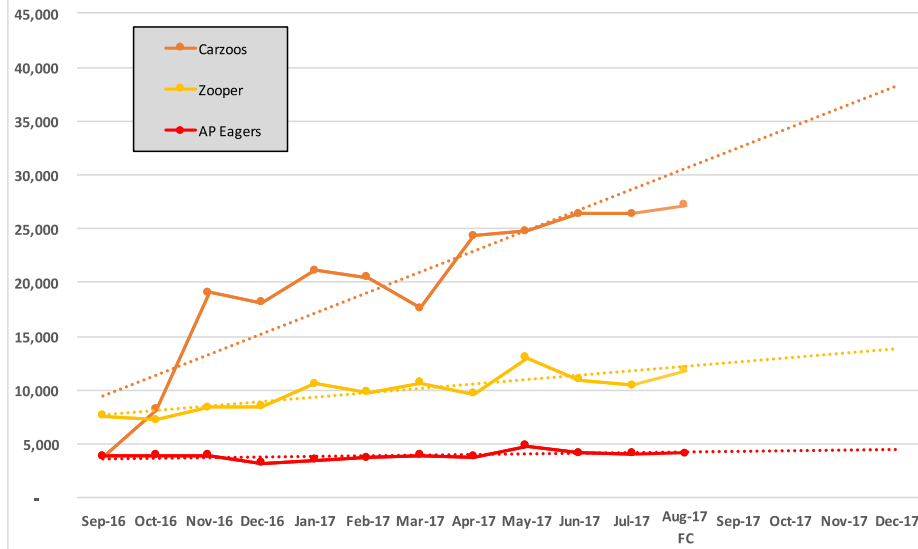
- 76,259,234 shares held at 30/06/17, 23.0%
- Investment valued at \$255.5m at \$3.35 (30/06/17)
- An unrealised revaluation loss of \$44.9m within investment segment
- Share price (31/12/16) \$3.95, (30/06/17) \$3.35, (4/08/17) \$3.77
- 9,939,235 new shares acquired in 1H17 @ \$3.87 (avg), costing \$38.4m
- 2017 Fully Franked after tax dividends - Mar \$7.19m (2016 \$5.78m)



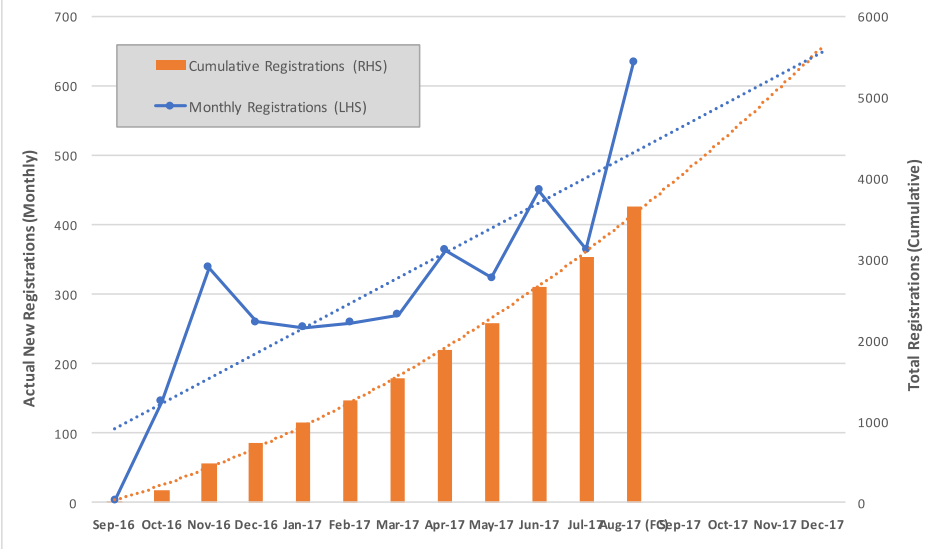
# Consumer Engagement data showing healthy MoM growth with 'Usage' & 'Trial'



Monthly Website Traffic Trend - Users



Monthly 'New Account Registrations' - Actual vs Cumulative



- Unique monthly traffic to Carzoos website showing healthy month on month growth
- \*March denotes Easter seasonality + Major Google Algorithm update ('Fred')

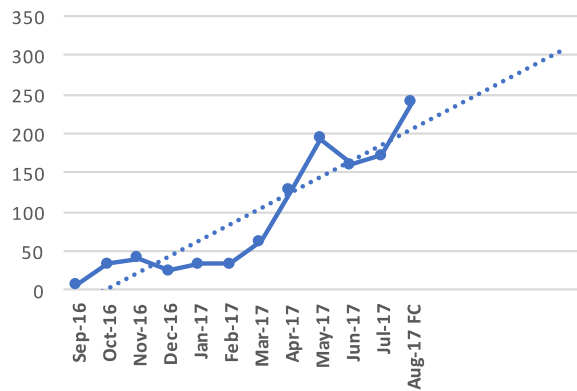
- New Carzoos customer account registrations showing month-on-month growth
- Account Registrations = Carzoos Website + Carzoos Retail Store App

Source: Google Analytics, Campaign Monitor (Unique Registration Signups) as at August 21st 2017.

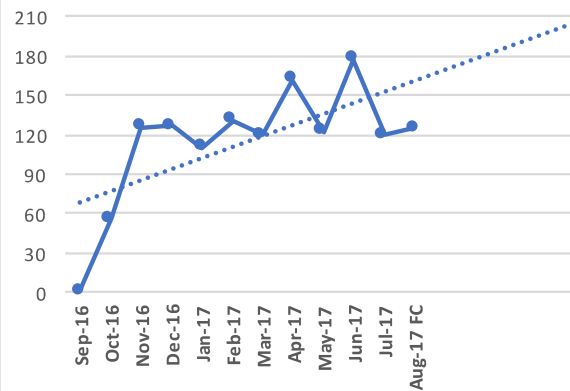
# Both types of leads - Buy & Sell - in steady growth. Recent accelerated growth in Buy leads driven by deliberate inventory strategy.



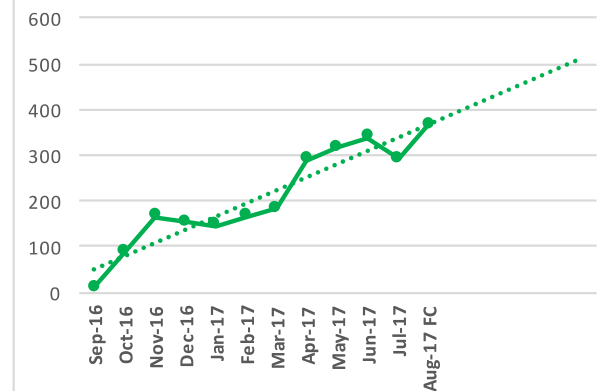
Buy Leads



Sell Leads



Total Leads

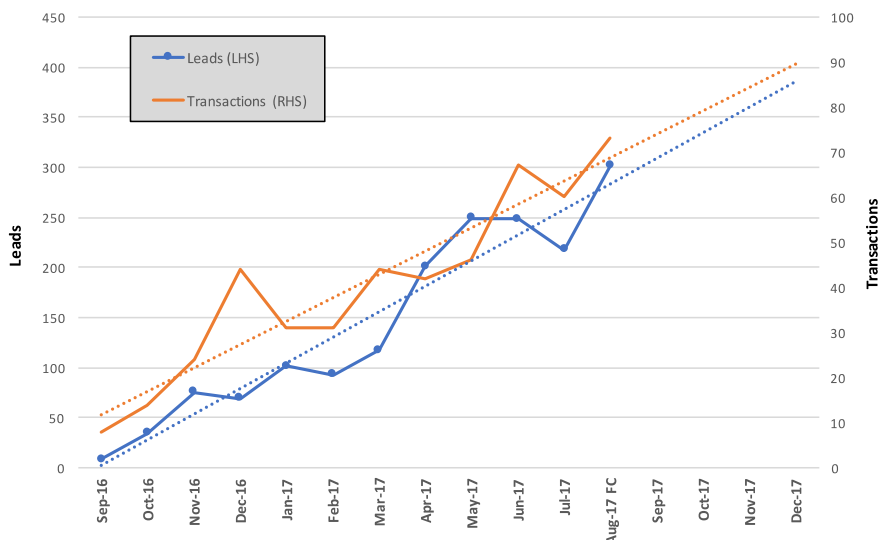


Source: Source: Contact Tracker, Google Analytics, Autogate as at August 21st 2017

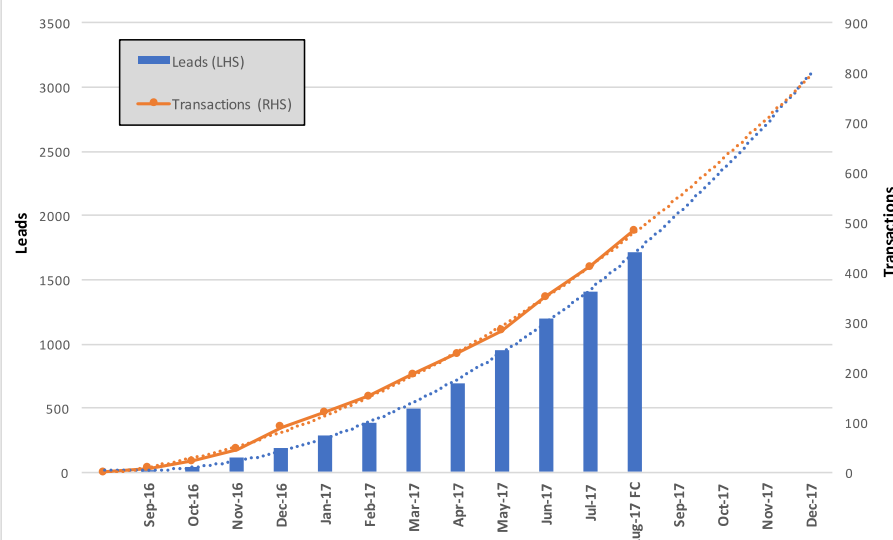
# Leads and Transaction showing steady growth correlation



Carzoos Leads vs. Transactions - by Month



Carzoos Leads vs. Transactions - Cumulative



	Zooper	Carzoos	Variance (% Pts)
Enquiry to Appointment (%)	54	68	14
Show to Sale (%)	54	75	21

- 2017 Q3 Average = ~20% Conversion
- Source: Contract Tracker, Autogate Pro, Titan

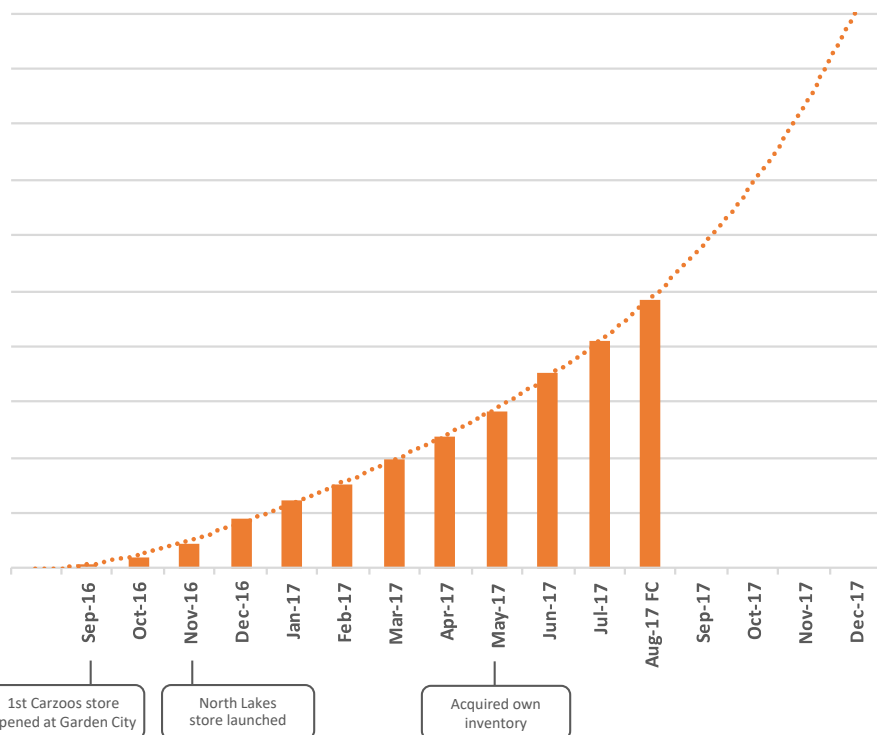
Source: Contact Tracker, Google Analytics, Autogate as at August 21st 2017.

# Carzoos vs. Carvana ... The parallels are there



**CARZOOS**

## Cumulative Unit Transactions



**CARVANA**

## Cumulative Unit Transactions

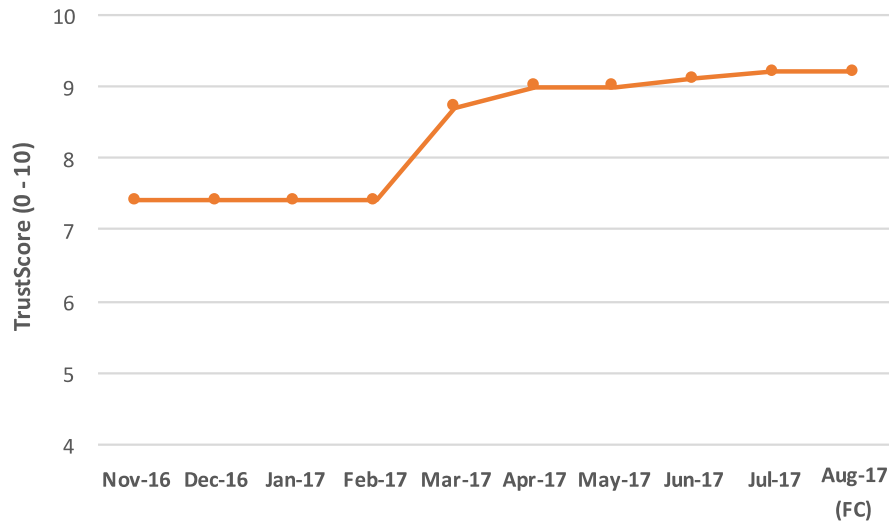


Source: <https://www.sec.gov/> - Carvana Co., <https://investors.carvana.com/stock-info/share-price-chart> as at Aug 22 2017.

# Customers rate us 5 STARS on their Carzoos experience



Carzoos TrustScore  
Customer Satisfaction Rating by Month



TRUSTPILOT

Search for websites



## Carzoos reviews

Excellent **9.2** from 0 - 10



61 reviews on Trustpilot

Asking for reviews

TrustScore between 0 and 2.9 = 1 star



TrustScore between 3.0 and 4.9 = 2 stars



TrustScore between 5.0 and 6.9 = 3 stars



TrustScore between 7.0 and 8.9 = 4 stars



TrustScore between 9.0 and 10.0 = 5 stars



Jami



75 minutes ago

### Finally a new way to buy a car!

Finally a new way to buy a car!  
I am a young professional woman, who has no time or desire to shop around for cars. This was the perfect solution for me: fast, no bargaining, female staff.... and 7 day money back if I didn't like the car. I also loved having the full purchase history sent to me before buying - why should I have to pay for the history??  
When I stacked it up against buying from a private seller - it was just as cost effective because the 1 year Allianz insurance was included. I am so glad I purchased through this new innovative way to buy.

	Carzoos	Carsales	Autotrader (UK)
TrustScore (0-10)	9.2	8.7	9.3

Source: <https://www.trustpilot.com>

## Sharon Morris



3 days ago

### Kristen and Joanne at carszoos (mount ...

Kristen and Joanne at carszoos (mount gravatt) have done an amazing job. From finding my car and contacting me on a daily basis to let me know how everything was progressing. Their customer service is excellent...and when picking my car up, Joanne wasn't working on the day, but she came into work to meet me. Wow they are wonderful young ladies. Thank you so much, I am very happy with my car...you make your customers feel like they are the only customer. Highly recommended. Regards Sharon.

## Mark



17 July

### A very quick painless process of ...

A very quick painless process of selling my car! I was happy with the price I got for my car. Friendly staff and very convenient!

## Bradley Delaney



1 August

### Great experience from start to finish

Great experience from start to finish. Nothing was to much bother for the team and to top it off they got me the best deal in both my trade in and new vehicle! All the hard work was taken out of what is normally a lot of running around and I would certainly recommend CarZoo to the many :).

## Nick



17 July

### Great experience.

The Carzoos team from North Lakes were great to deal with. The trade in price I received for my vehicle was several thousand dollars more than any dealer offer, and the price I paid for my new car was excellent. The quality of the vehicle is great and I would have no reservations in using them again or recommending them to others.

## Amanda



6 June

### The ONLY way I will ever buy a car again

I visited the Carzoos shop at North Lakes last week. Everything about them is different to how I've bought a used car in the past. Was greeted by a carzoos 'buddy' (thought this was cool) who was really helpful and everything was explained and low pressure. Can't believe this hasn't happened before to be honest. Will definitely recommend. AAA+

## Steve Jagger



13 June

### The guys at Carzoos were so helpful

The guys at Carzoos were so helpful. The whole in-store process was a refreshing change to hanging around a car yard. There was no pressure on me to make a decision, and I'm seriously happy with my new car. Highly recommended!

## Casey



2 June

### I WOULD RECOMMEND THIS COMPANY TO ...

I WOULD RECOMMEND THIS COMPANY TO EVERYONE. THEY ARE EASY TO DEAL WITH AND THEIR TEAM TAKE THEIR TIME TO EXPLAIN EVERY DETAIL TO YOU. I HAVE JUST RECENTLY RECIEVED A GREAT CAR FROM THEM AND I AM EXTREMELY HAPPY. THANK YOU CARZOOS

## Steve Fuller



4 June

### 5 star service and so simple

5 star service and so simple, no hesitation would recommend this system and company to every one.

## Dominic



17 July

### Great friendly and informative staff

Great friendly and informative staff, very helpful. 10/10 experience

# Carzoos recognised on the International stage.



Source: <https://stevieawards.com/liba>, <http://cxoleadersawards.com/>

# The core is strong but in transition

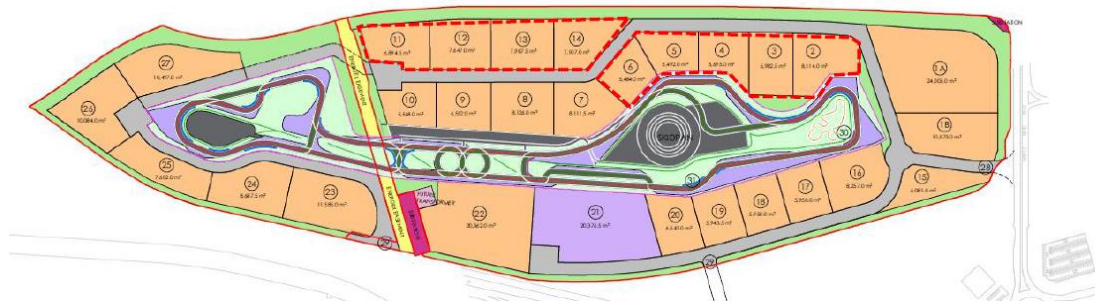
- Leverage scale to drive unique income opportunities/regions
- Roll out successful expense reduction strategies across all operations
- Transition underperforming operations (5-10% portfolio)
- Continue disciplined approach to acquisition strategy in “new” environment
- Capitalise on increased “catalyst for consolidation/rationalisation” industry dynamics



# The future is full of opportunity

- Investment in Automotive Industry is at all time record levels
- Products and services provided are evolving rapidly creating new and increased consumer demand
- History demonstrates consumers will want to experience new products and services through ownership or via share models
- Note <1% of new car market is electric/hybrid and 0% is autonomous however as this changes it creates opportunities
- A category dominant business model for buying and selling millions of pre-owned vehicles will be required to support this new car market regardless of product and service charges
- AP Eagers has been at the forefront of automotive retailing and providing consumers mobility solutions for 104 years
- AP Eagers is creating and reviewing multiple complimentary and alternative business models to anticipate, respond to and drive changing consumer demand brought about by product development, flexibility in ownership model and regulatory changes

# BNE Auto Mall, Brisbane Airport



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# Appendix



# A.P. Eagers

## COMPANY PROFILE

# AP Eagers Today (June 2017)

- **104** year old automotive retail group founded in **1913**
- **60** years as a listed public company – dividend paid every year
- A.P. Eagers owns \$304.1m of prime real estate
- Represents all **20** of the top **20** selling vehicle brands in Australia and **33** car brands in total along with **11** truck / bus brands
- **4,462** employees **140+** dealership locations in QLD, NT, NSW, VIC, TAS and SA
- 23.0% ownership of Automotive Holdings Group (\$255.5m\*)
- 7.8% ownership of Cox Automotive Australia (\$10.2m\*)

\*As at 30 June 2017

# AP Eagers Volume Car Brands

*Represents all 10 of the top 10 selling volume car brands in Australia*



**HOLDEN**



ALL 4 THE DRIVER™



**SUBARU**





# AP Eagers Luxury\* Car Brands

*Represents 10 of the top 11 selling luxury car brands in Australia*



Mercedes-Benz



Audi



PORSCHE



JAGUAR



INFINITI®



*\* Luxury is defined as luxury vehicle selling more than 500 units annually (V Facts)*



# AP Eagers Truck and Bus Brands

*Representing 11 truck and bus brands*

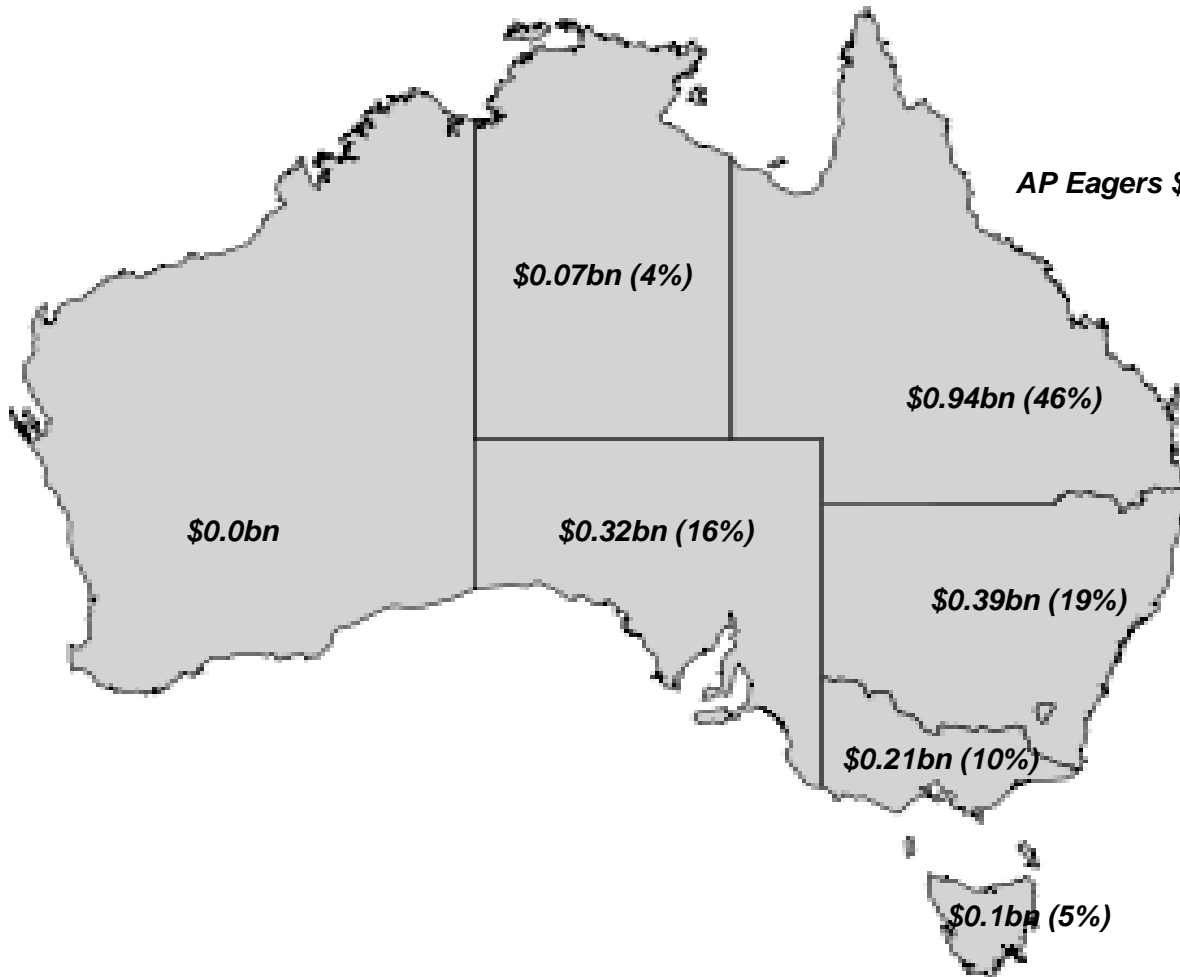


GOLDEN DRAGON



UD TRUCKS

# Revenue by State / % of group Revenue



*AP Eagers \$2.03 billion revenue for HY*

# Income Opportunity Franchised Dealership

**NEW CAR SALES:** + Accessories + Finance + Insurance + Car Care + Trade-In

**USED CAR SALES:** + Accessories + Finance + Insurance + Car Care + Trade-In

**VEHICLE SERVICE:** - Value add products i.e. Tyres, wheel alignments, batteries, wiper blades.

**VEHICLE REPAIR:** - Warranty (Manufacturer pays) and Non Warranty (Customer pays)

- Internal reconditioning of Used Cars

- PARTS SALES:**
- Internal (Service, warranty repair, non-warranty repair, accessories)
  - External (Retail – dealership direct to customer)
  - External (Wholesale / Trade – large distribution centres deliver to customers)
  - Hard parts (Panel) + Mechanical parts

**TARGET BASED INCENTIVES:** - Volume, Market Share, Franchise Standards, Customer Satisfaction