

2017 Full Year Results Presentation

February 2018



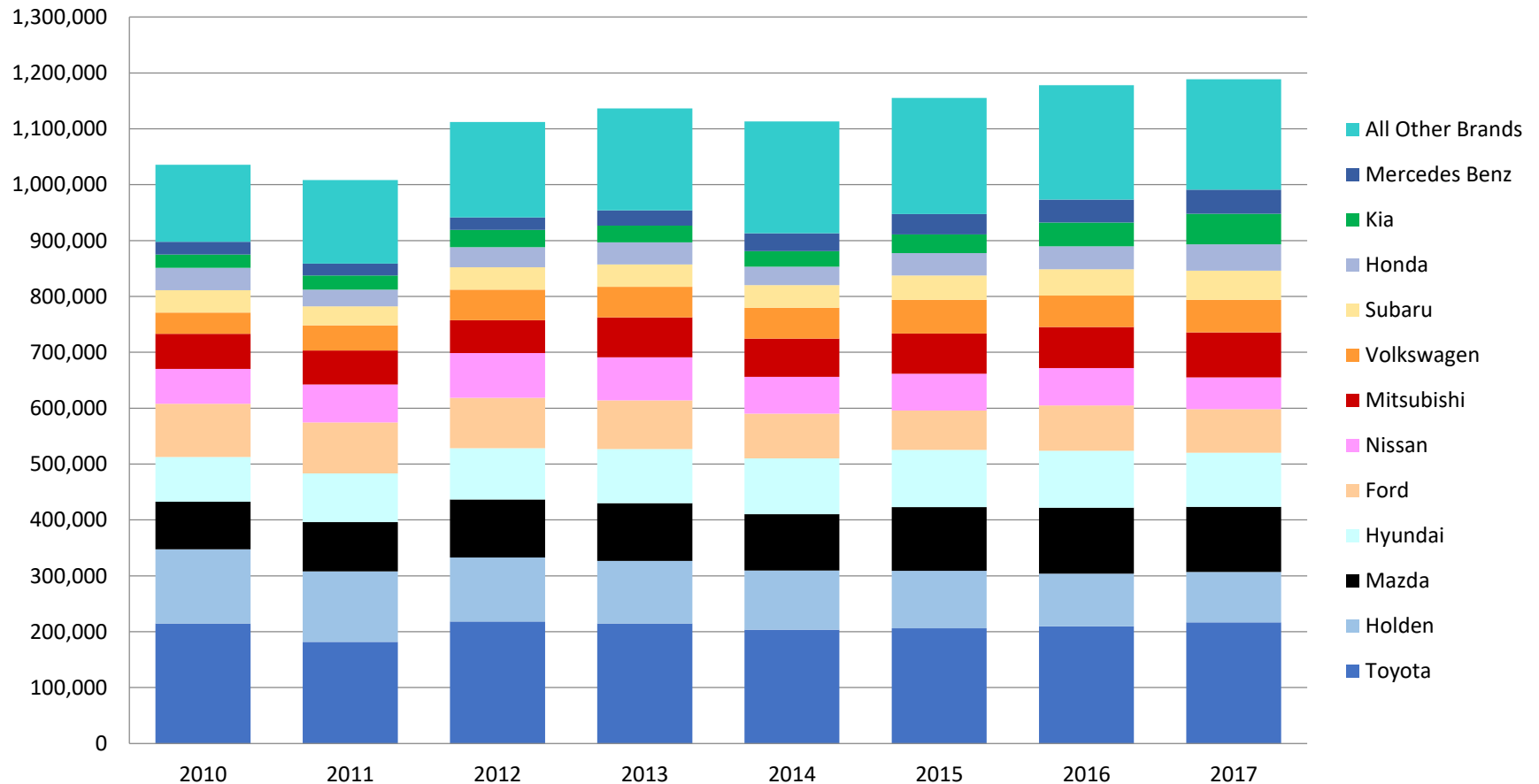
AP EAGERS Established 1913

2017 Full Year Highlights

- Statutory profit before tax \$135.6m, down 4%
- Record underlying profit before tax \$140.8m, up 2%
- Statutory (basic) EPS of 50.3 cents, a decrease of 9%
- Record full year dividend of 36 cents, up 3%
- Record results from VIC / TAS / NSW Hunter / NT Car Retailing and Truck Retailing
- One-offs and restructuring of underperforming and unsustainable businesses - \$5.2m cost
- Further gains on property sales yet property portfolio lifts in value to \$306.6m
- Strong balance sheet

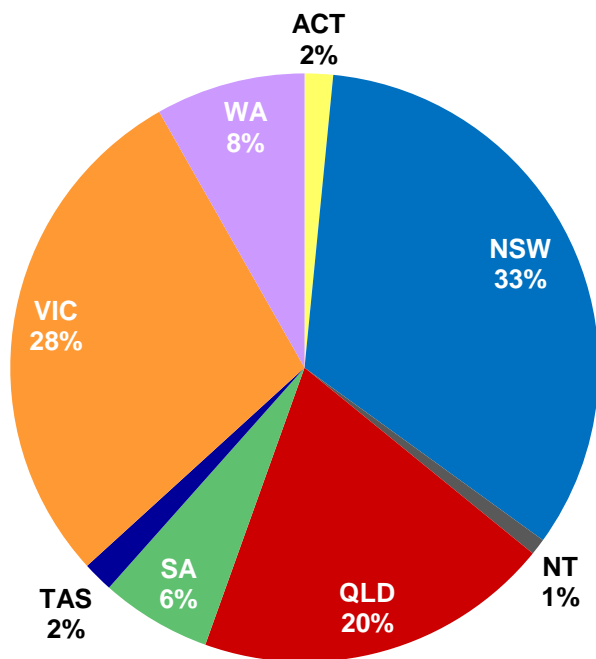
National Vehicle Sales

Historical National Vehicle Sales



Australian New Vehicle Sales – 2017

Total Australian Market Share by State (VFACTS)

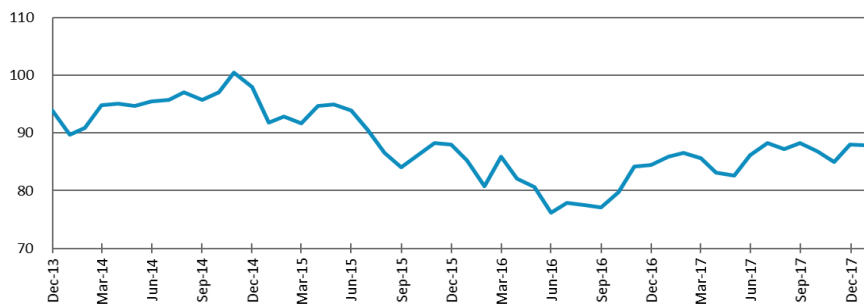
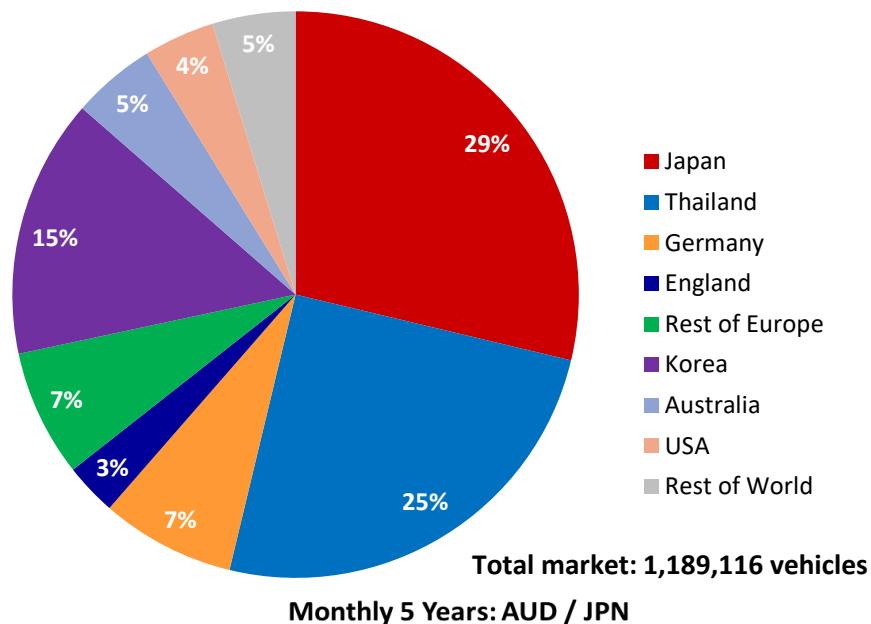


Top market: 1,189,116 (2016: 1,178,133) – Up 0.9%

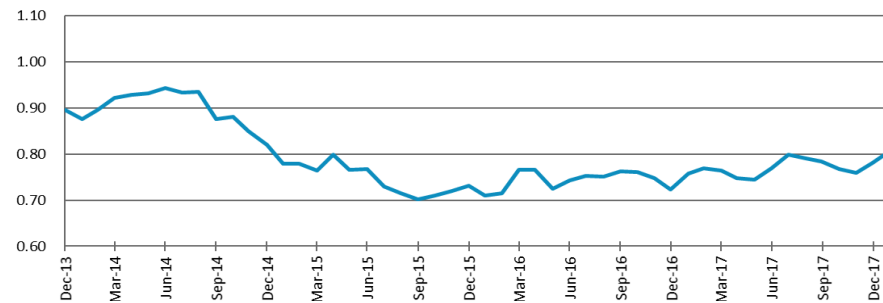
- New vehicle market up 0.9%
- 3rd record year in a row
- WA down 2.5%; ACT down 1.5%; NSW down 0.1%
- VIC up 4.0%; SA up 1.0%;
- QLD remains static
- Light commercial vehicle market share up 1.4% to 19.9%, offsetting decline in luxury vehicle market share of 0.7% to 10.7%

Exchange Rates

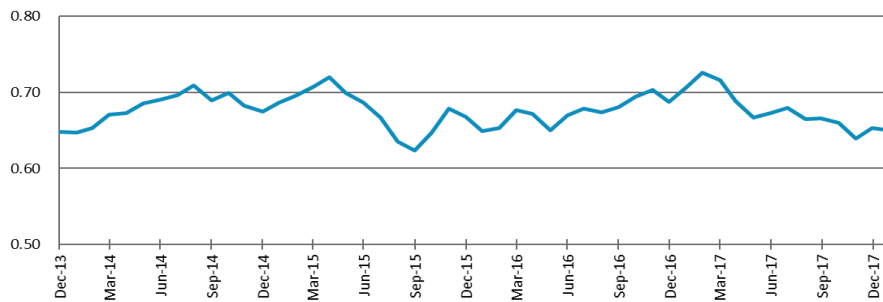
**New Vehicle Sales (VFACTS)
by Country of Origin**



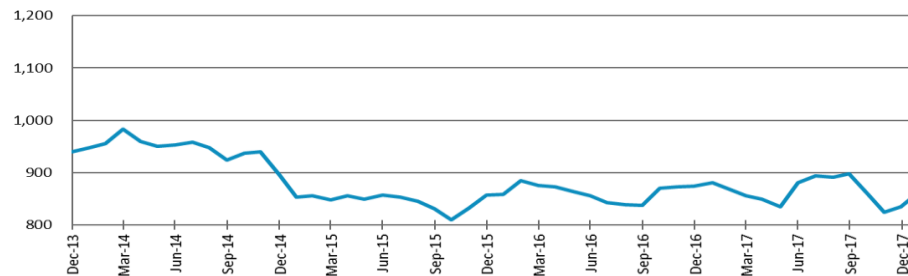
Monthly 5 Years: AUD / USD



Monthly 5 Years: AUD / EUR

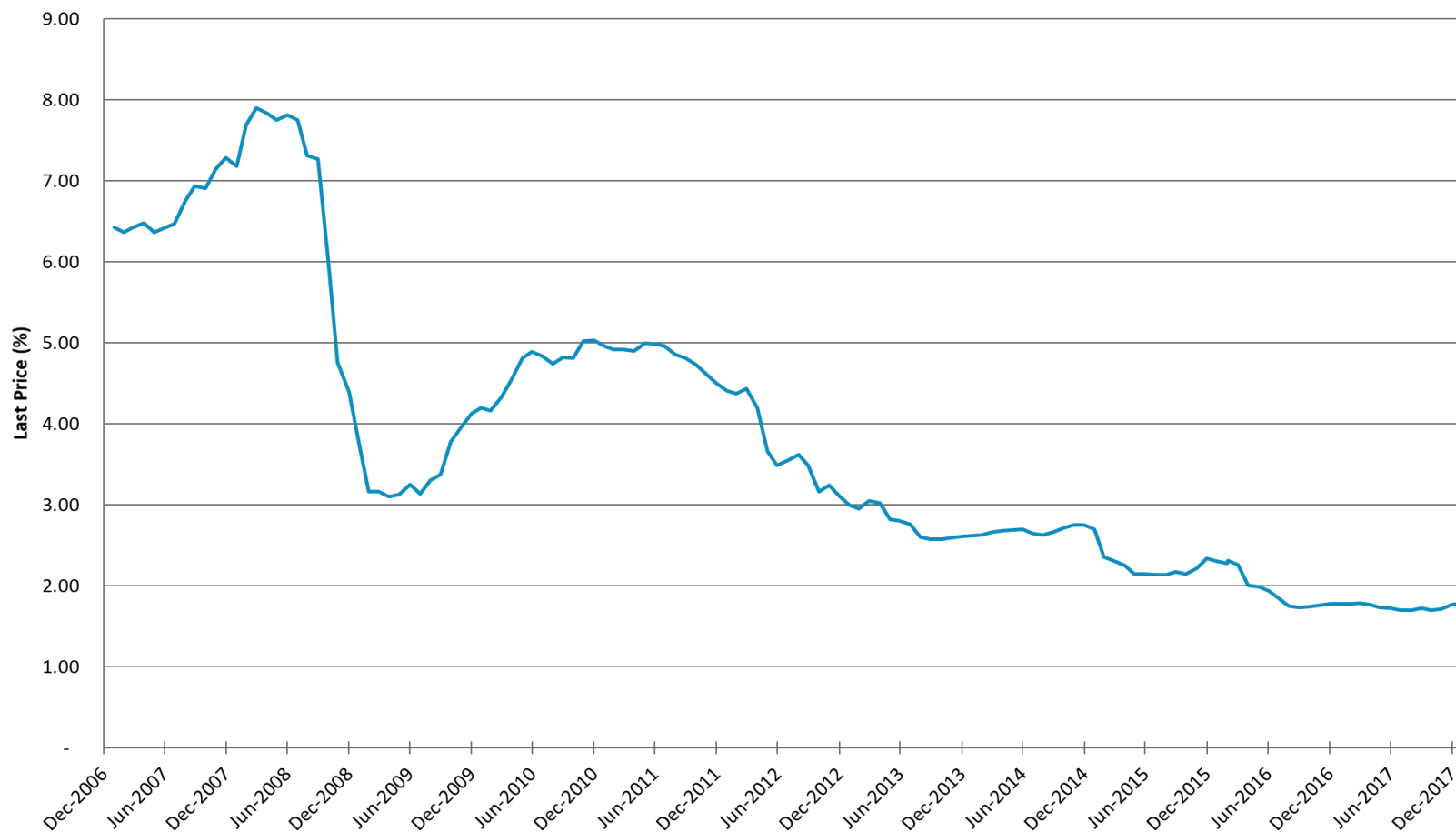


Monthly 5 Years: AUD / KRW



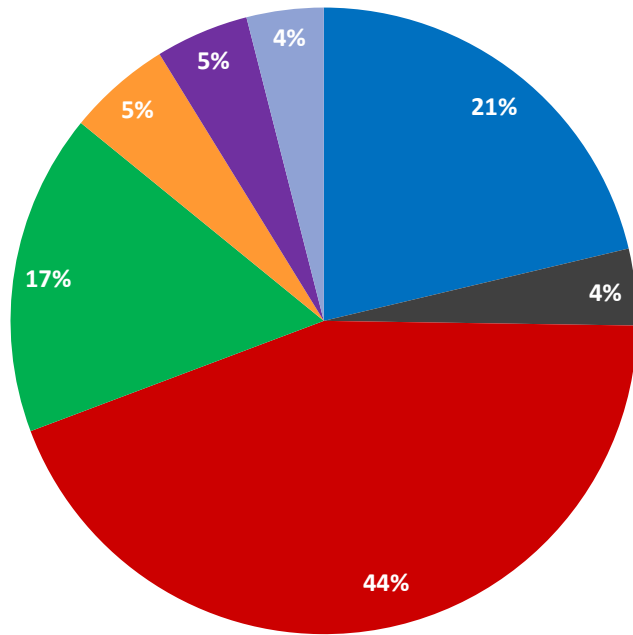
Affordability

90 Day Bank Bill Rate



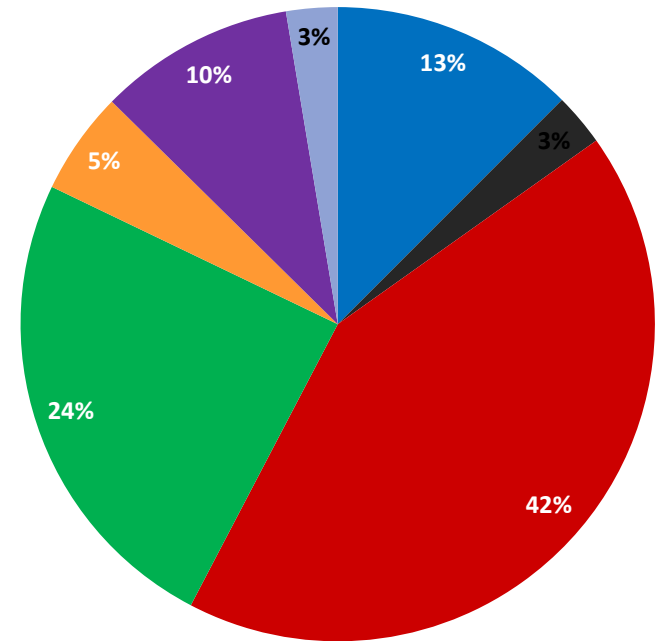
APE Vehicle Sales - 2017

APE New Vehicle Sales by State
Total 60,249 + 2.1% (5.1% of National Market)



■ Cars - NSW ■ Cars - NT ■ Cars - QLD
■ Cars - SA ■ Cars - VIC ■ Cars - TAS
■ National Trucks

APE Used Vehicle Sales by State
Total 24,081 +0.7% (est. 1.0% of National Market)



■ Retail Cars - NSW ■ Retail Cars - NT ■ Retail Cars - Qld
■ Retail Cars - SA ■ Retail Cars - VIC ■ Retail Cars - TAS
■ National Trucks

2017 Full Year Highlights - Financial

- Statutory (basic) EPS of 50.3 cents, a decrease of 9%
- Record fully franked final dividend of 22.5 cents, up 2%
- Record underlying⁽¹⁾ net profit before tax of \$140.8m, up 2%
- Cash flow from operations increased to \$145.0m, up 32%
- Continued financial strength and flexibility: - EBITDA/Interest cover 7.2 times (2017)
- EBITDA/Interest cover 7.4 times (2016)

(1) Underlying adjustments include business acquisition costs \$0.1m (includes taxes, legal and other costs associated with business acquisitions), costs from tax refunds associated with previous years GST payments \$0.1m, costs relating to restructure of underperforming and unsustainable automotive businesses \$5.2 million, and freehold property fair value adjustments \$0.2m.

Financial Summary

\$ Million	2017	2016	Change	
Revenue	4,058.8	3,833.2	Up	6%
EBITDA	176.7	179.8	Down	-2%
EBIT	160.2	165.8	Down	-3%
PBT	135.6	141.4	Down	-4%
PAT	98.2	105.5	Down	-7%
Cash from operating activities	145.0	109.8	Up	32%
NTA/share	2.49	2.44	Up	2%
Net gearing excluding bailment debt	23.3%	25.8%		

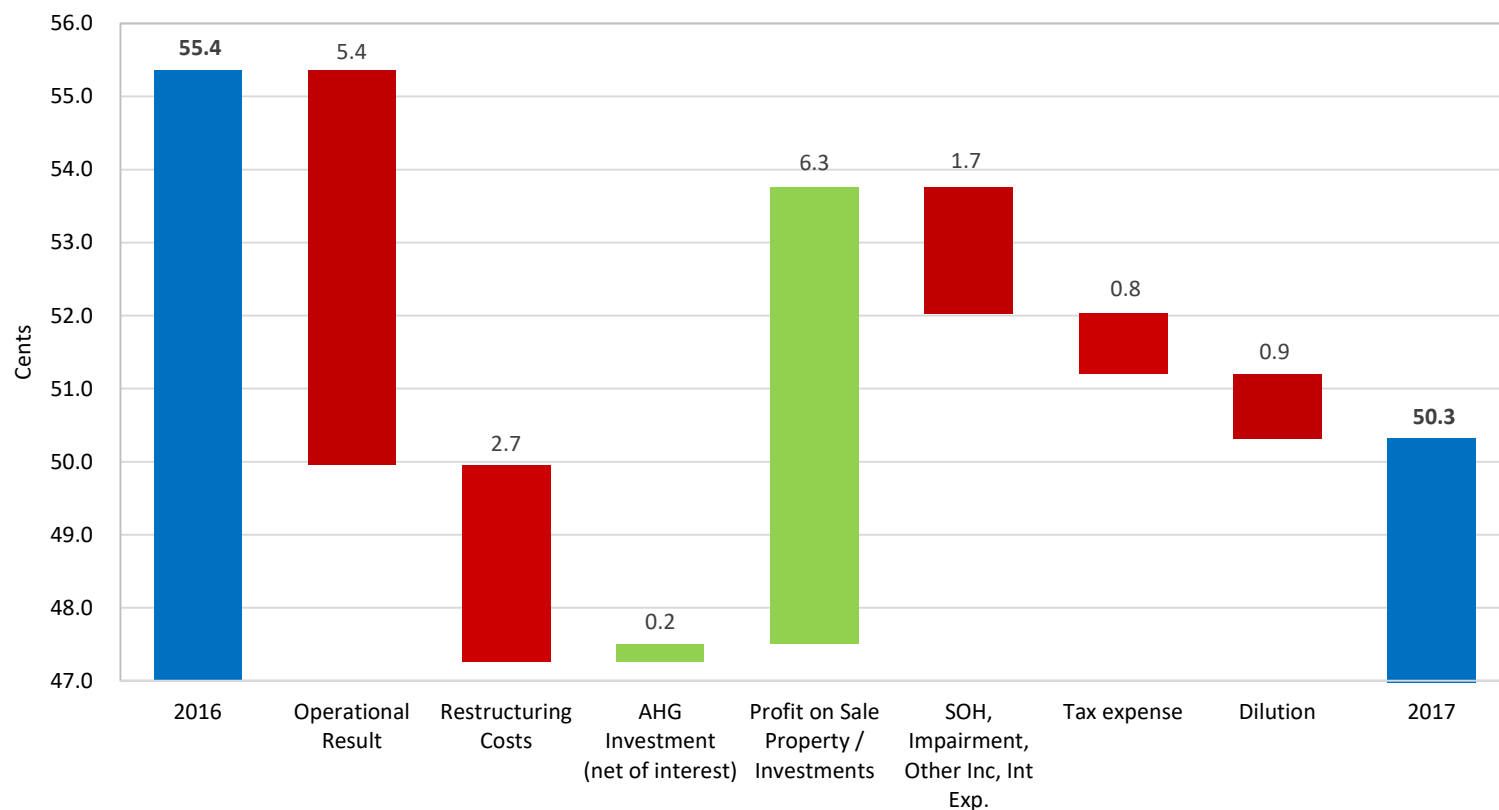
Balance Sheet - Summary

- New vehicle inventory funded by bailment debt
- Parts and most used vehicle inventory is balance sheet funded
- Increased investment in AHG to 23.8% (2016: 20.0%), valued at \$287.4m, divested SIQ
- Substantial property portfolio underwrites the company's financial position
- NTA increased by 2.0% to \$2.49 per share (2016: \$2.44)

	2017 (\$M)
CA - CL (excl. held for sale)	80.7
Freehold Property (incl. held for sale)	306.6
Other Non Current Tangible Assets	66.8
Investments	298.4
Intangible Assets	309.4
Non Current Debt	(248.3)
Other N/C Liabilities (Deferred tax, and provisions)	(27.7)
Net Assets	785.8

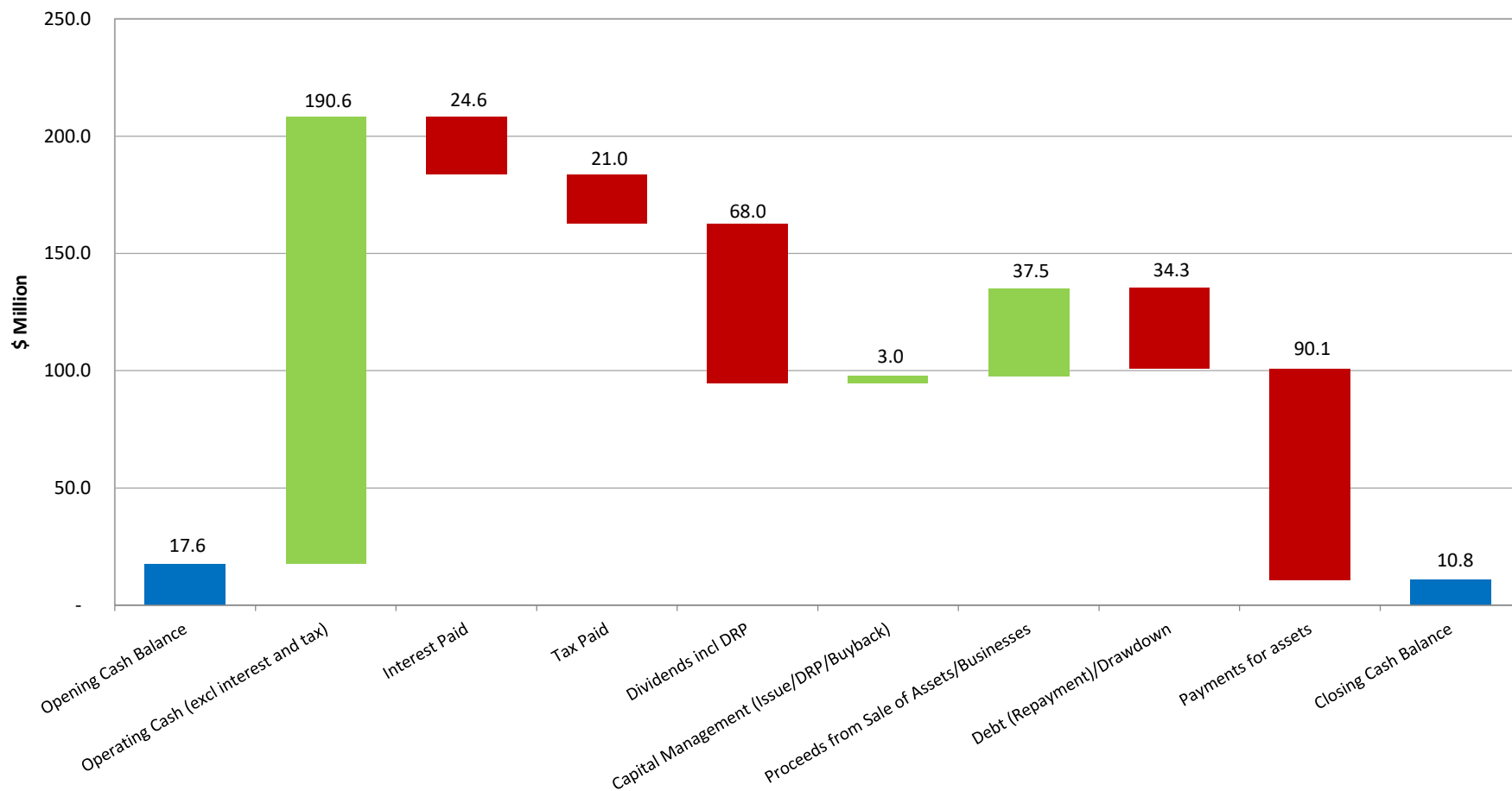
Earnings Per Share

EPS Bridge



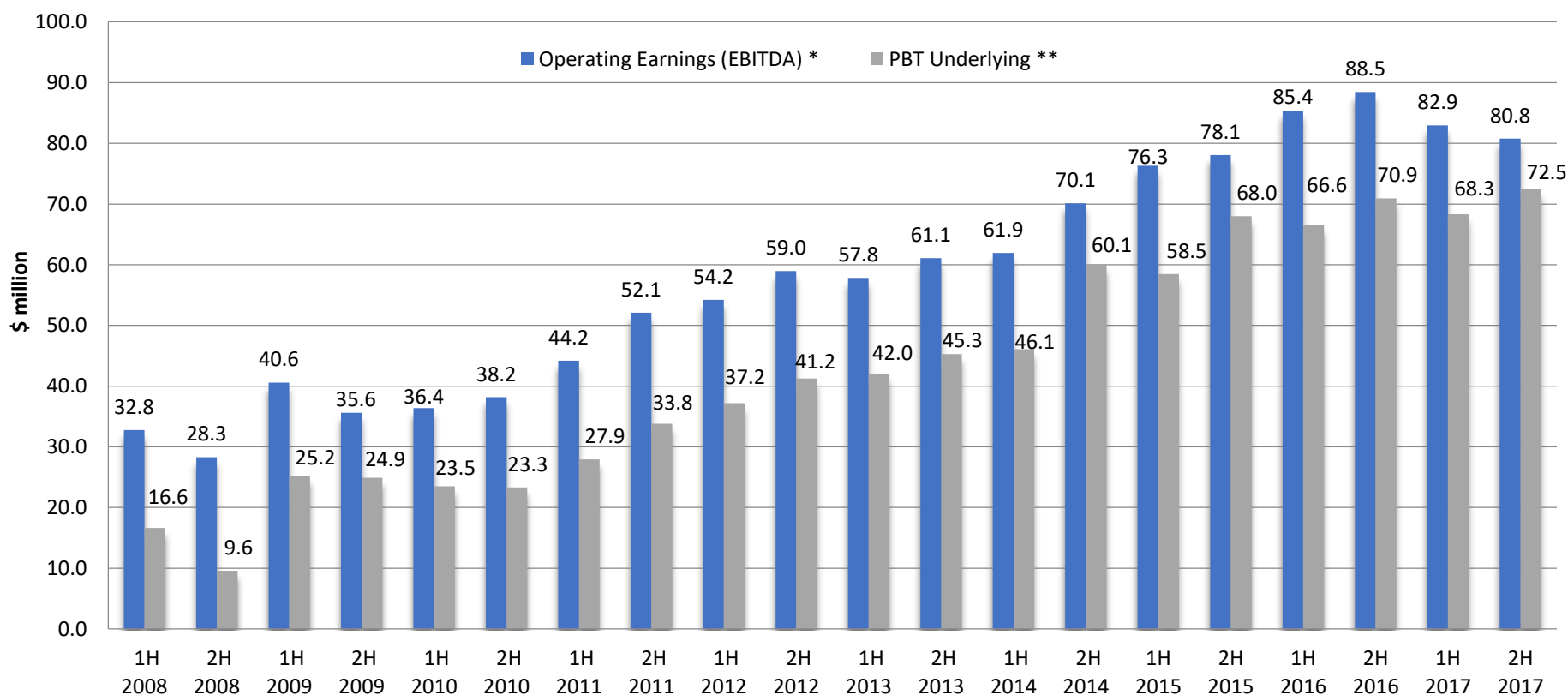
Financial Summary – Cashflow Comparison

Cash Flow Bridge



Financial Trends – Underlying PBT

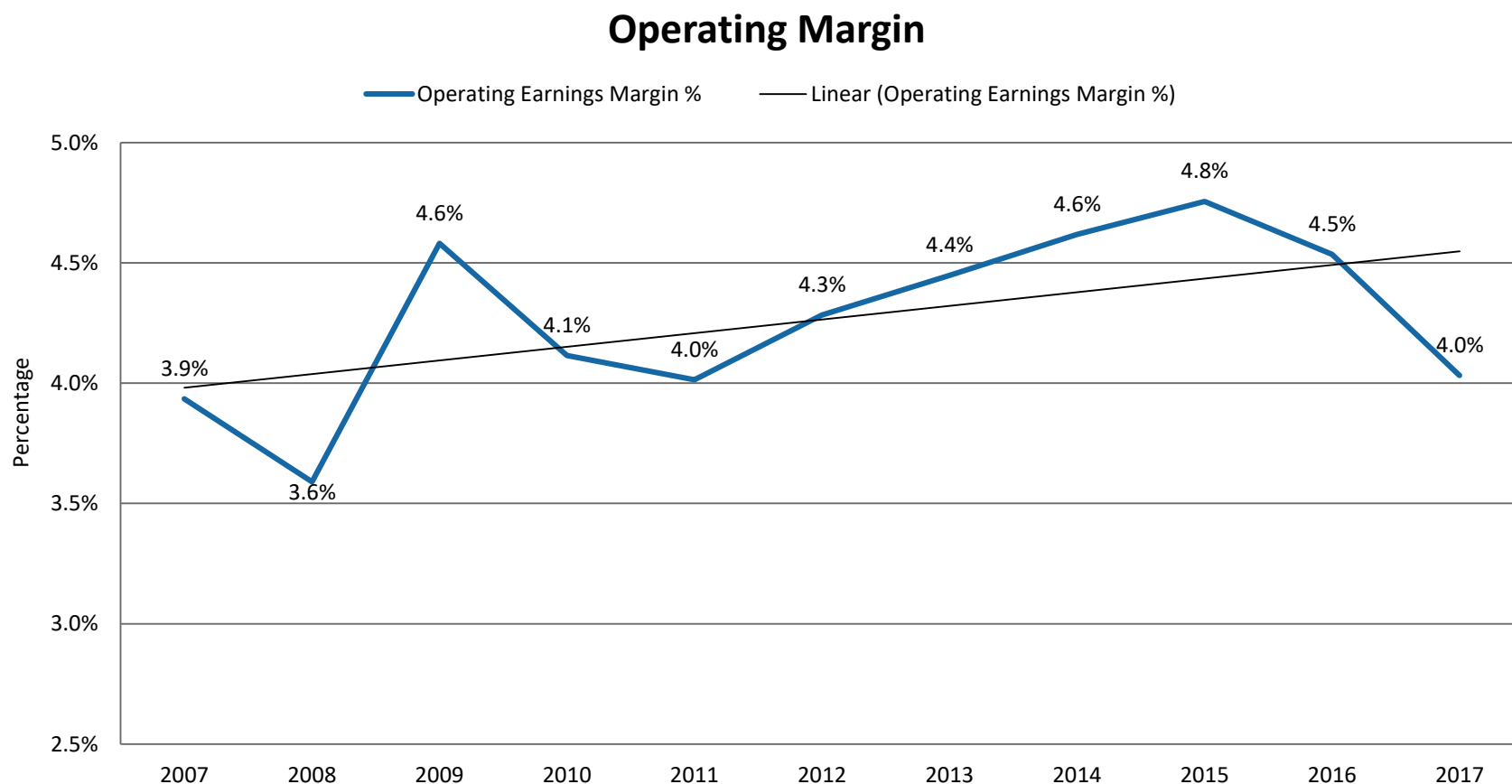
Financial Trends: Underlying PBT



* 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

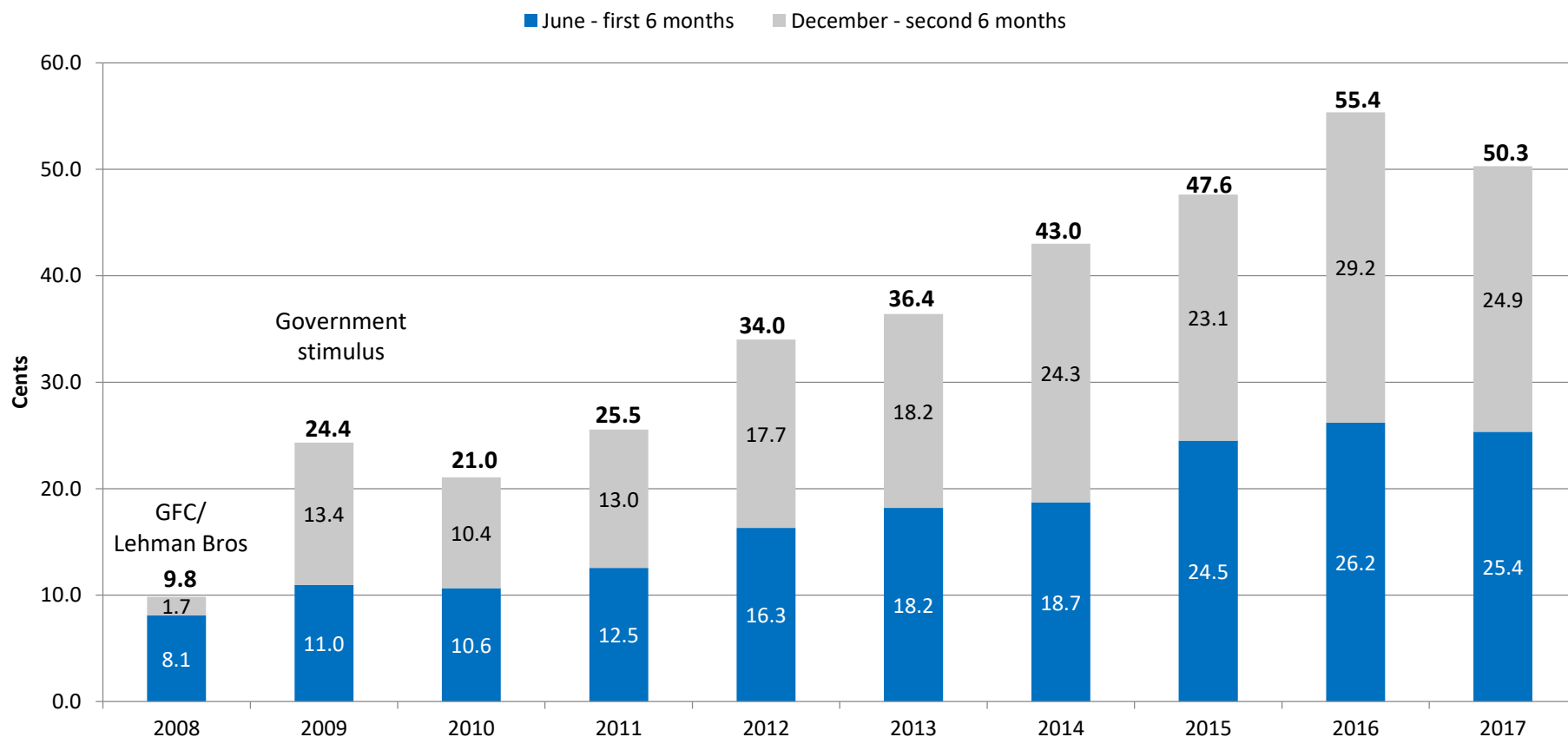
Financial Trends – Operating Margin



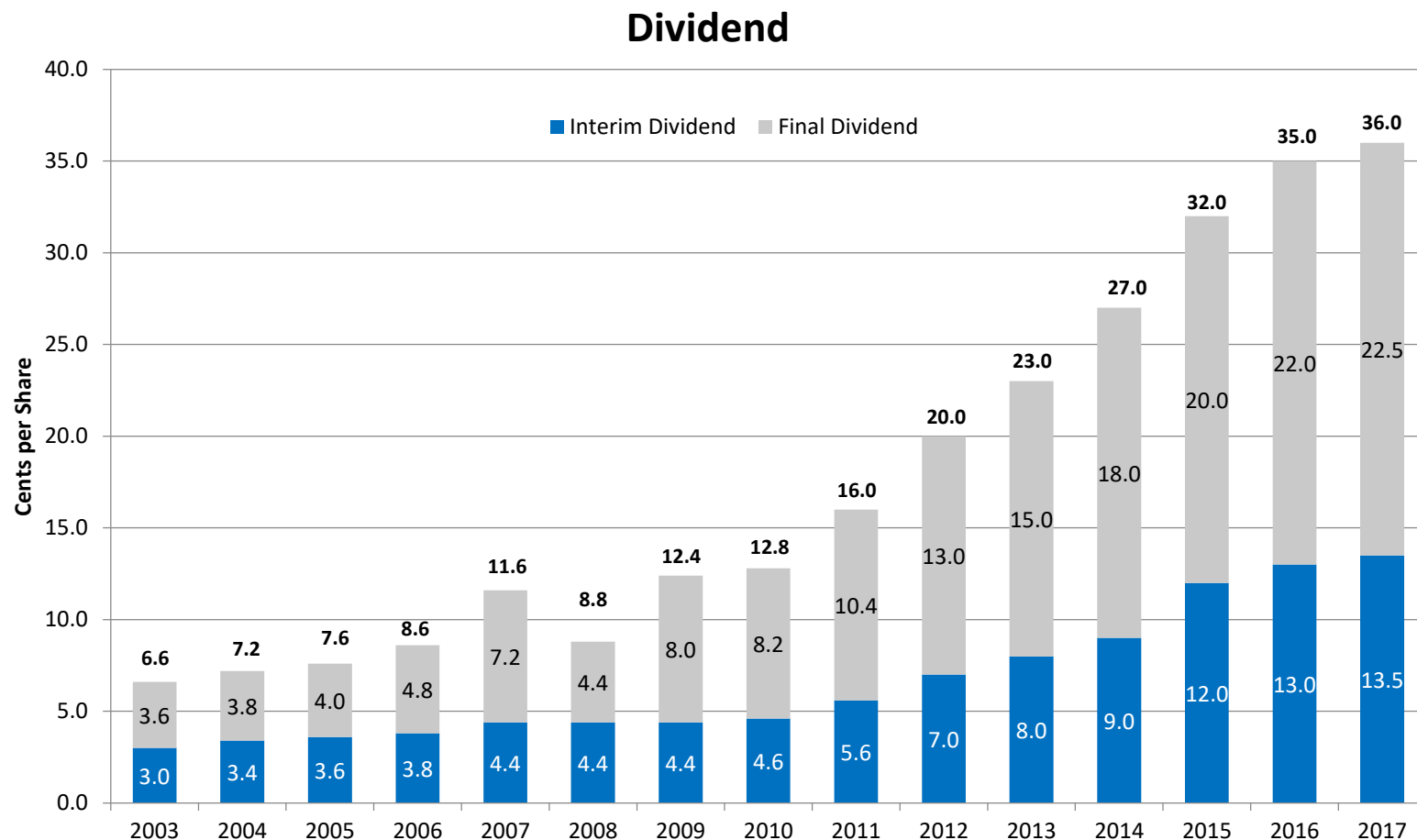
* Operating Earnings is EBITDA Underlying excluding profit/loss on sale of assets and from associates. It includes AHG dividend (from 2012).

Financial Trends - EPS

EPS Statutory (Basic)



Financial Trends - Dividend



Segment Results

Car retailing

Record results in VIC and TAS operations and NSW Hunter region, challenging market conditions impacted SA and QLD. Strong trading in parts and service

Truck retailing

Record results in 2017, divestment of Sydney Truck Centre. Significantly improved return on assets

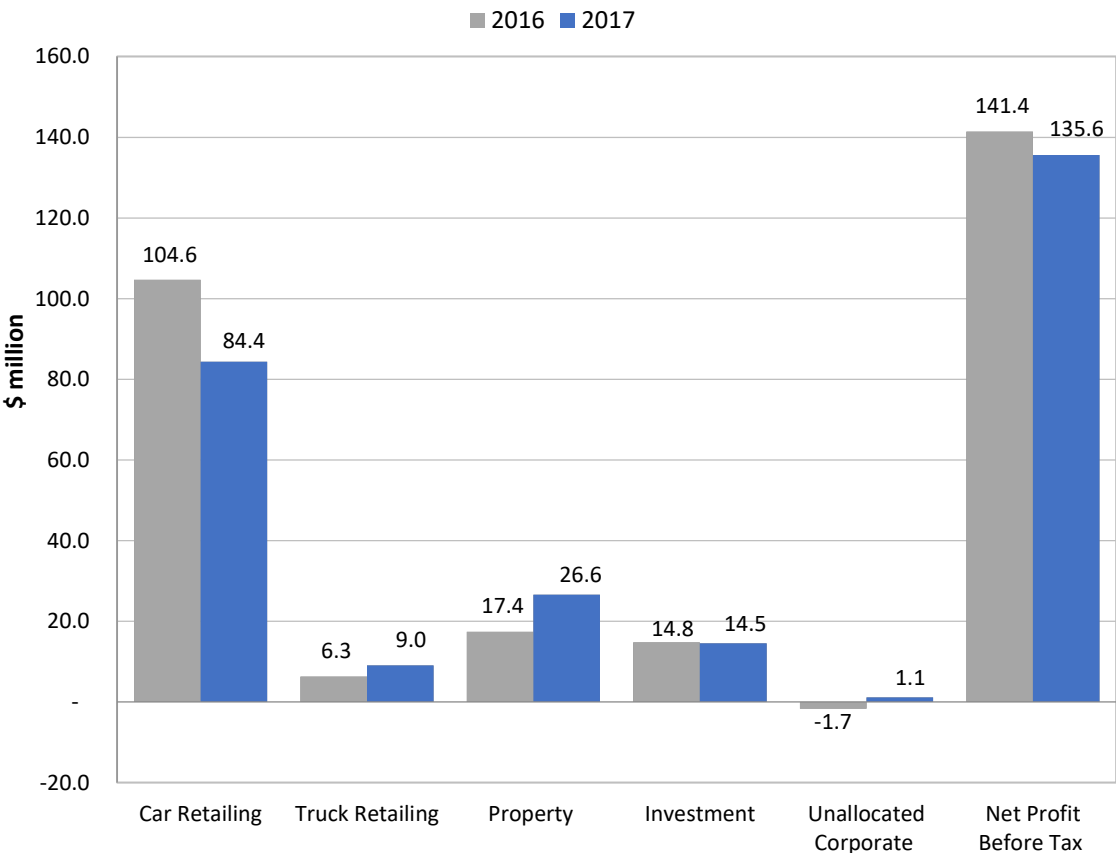
Property

Recorded gain on sales of non-core properties, cash received of \$31.0m. 2 properties added to the portfolio in 2017

Investment

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

Segment Contributions



Segment Results – Car Retailing

- Segment Underlying profit before tax of \$89.6m (excludes \$5.2m of one-off and re-structuring costs), down from \$100.2m in 2016 (excludes \$4.4m of GST refunds)
- Record results for Victoria, Tasmania and Hunter region dealership operations, challenging market conditions impacted SA and QLD
- Increased asset base reflects strong operating cash generation and repayment of term debt

	2017 (\$M)	2016 (\$M)
Revenue	3,661.6	3,449.7
Segment Profit before Tax	84.4	104.6
Total Assets	1,101.9	1,067.5
Total Liabilities	682.7	661.2
Net Assets	419.2	406.3
PBT/Revenue	2.3%	3.0%
RONA (after tax)	14.0%	18.3%

Restructure - Car Business Operations

- Car Segment results impacted by the restructuring of 7 underperforming and unsustainable business operations
- 2017 result included
 - \$5.2 million of costs associated with restructure of 7 businesses
 - \$4.5 million of trading losses associated with exited businesses
- Total cost of \$9.7 million removed from operations in 2018

Segment Results – Truck Retailing

- Record results in 2017, divestment of Sydney Truck Centre. Significantly improved return on assets
- Segment represents 9.5% of revenue and 2.0% of net assets
- Strong performance in all departments including significantly improved results from the new truck division and service division
- Significantly improved return on assets

	2017 (\$M)	2016 (\$M)
Revenue	381.7	363.8
Segment Profit before Tax	9.0	6.3
Total Assets	102.3	91.5
Total Liabilities	87.3	69.1
Net Assets	15.0	22.4
PBT/Revenue	2.4%	1.7%
RONA (after tax)	41.9%	19.7%

Segment Results – Property

- Divestment of 5 properties sold in 2017, 2 unused and 2 non-core and 1 to rectify a complicated lease
- Revaluation gain of \$5.6m, including \$0.2m through the statement of profit or loss
- Acquired 2 new properties in 2017, vacant land at Breakfast Creek Rd, Newstead and Dalby, QLD. Completed build and opened new Jag Land Rover building at Newstead

	2017 (\$M)	2016 (\$M)
Revenue	27.5	30.3
Segment Profit before Tax	26.6	17.4
Revaluation surplus/deficit before tax (through OCI)	5.4	10.9
Total Assets	322.7	320.8
Total Liabilities	190.0	197.2
Net Assets	132.7	123.6
RONA Trading (after tax)	5.8%	8.6%
RONA incl revaluations (after tax)	14.8%	19.6%

Segment Results – Investments

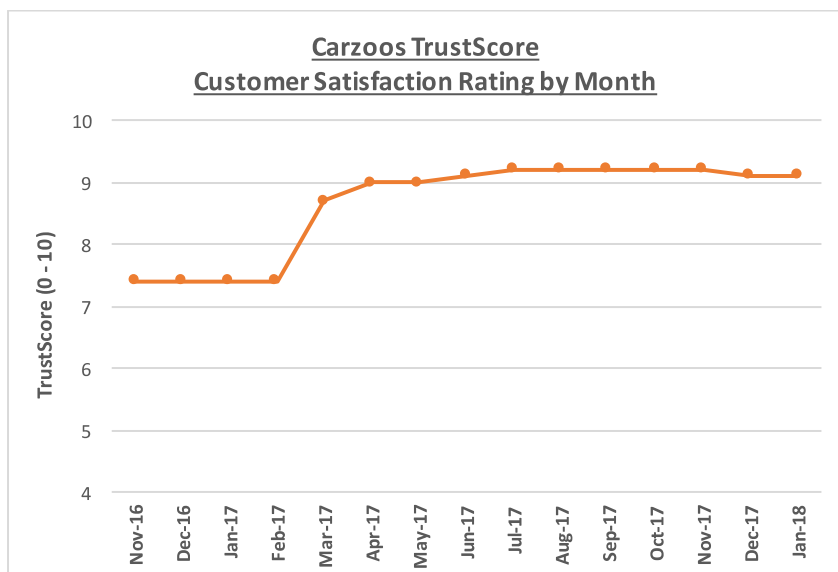
- Substantial asset balance providing stable returns
- Profit before tax excludes unrealised revaluation loss on investments
- Divested remaining SIQ shares in 2017 for a profit

	2017 (\$M)	2016 (\$M)
Revenue	14.5	14.4
Segment Profit before Tax	14.5	14.8
Revaluation surplus/deficit before tax	(22.9)	(38.8)
Total Assets	297.8	274.7
Total Liabilities	78.9	63.2
Net Assets	218.9	211.5
RONA Trading (after tax)	4.6%	6.3%
RONA incl revaluations (after tax)	(2.9%)	(11.4%)

AHG Investment

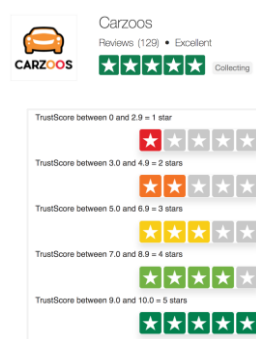
- 78,968,429 shares (23.8%) valued at \$287.4m at \$3.64 (31/12/17)
- Unrealised revaluation loss of \$22.9m in investment segment \$3.64 (Dec17) v. \$3.95 (Dec 16)
- 12.65m new shares acquired in 2017 costing \$48.5m plus 3.74m new shares acquired in 2018 costing \$13.4m
- Fully Franked after tax dividends
 - Apr-17 \$7.19m (2016 \$5.78m)
 - Oct-17 \$7.24m (2016 \$8.54m)
 - Total 17 \$14.43m (2016 \$14.32m)

Customers rate us 5 STARS on their Carzoos experience



	Carzoos	Carsales
TrustScore (0-10)	9.1	7.5

Source: Trustpilot.com as at February 19th 2018.



Aimee
1 review



Published Friday, 9 February 2018

Verified order

Carzoos is amazing.

Carzoos was amazing. The whole concept makes buying a second hand car so stress free. Knowing that the car I chose was hand picked by them took away any doubts, compared to going to a dealership. Not only did I drive away with a good, reliable car, they also sorted out my registration, insurance and roadside assistance! So much time saved and I did it all from home.

The customer service was amazing and all the staff members I was in contact with were beyond helpful.

Definitely recommend.

Isaac
1 review



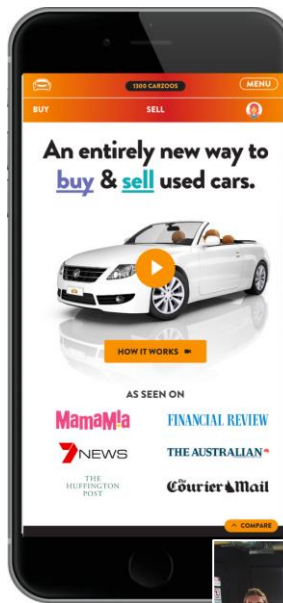
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Verified order

Brought & Sold through carzoos

Really great and helpful staff, very easy and straightforward way to buy and sell a car. Would highly recommend them to anyone in the market. Car came with comprehensive insurance included so the moment I drove out I had full insurance coverage. A+

CARZOOS



AS SEEN ON

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FINANCIAL REVIEW

7 NEWS

THE AUSTRALIAN

THE
HUFFINGTON
POST

The
Courier Mail

Flexible Land and Building Portfolio

- 40 Properties (QLD / NSW / VIC / SA) owned \$307m (35%)
- 173 Leased Properties nationwide approx. value \$566m (65%)
- Average lease expiry 3 years 3 months
- (Adjusted to reflect \$ value) Average lease expiry 3 years 6 months
- Automotive retailing will adapt over the coming decades to accommodate a greater proportion of electric vehicles and then eventually more autonomous vehicles
- Along with the industry product changes, the private and business consumer (guest) needs and expectations will continue to evolve
- AP Eagers is extremely well placed due to its flexible land and buildings portfolio both owned and leased, coupled with its experience in shopping centres, to adjust if automotive retailing requires a different physical presence in 2025 and beyond

BNE Auto Mall, Brisbane Airport



Outlook and Strategy

- Complete portfolio adjustments related to underperforming operations
- Grow EPS from (2016 & 2017) acquisitions inline with historical trends
- Continue to redevelop and reorganise our inner City Brisbane facilities to provide improved long term solutions for all stakeholders
- Continue to drive value from existing businesses through process improvements, operating synergies, portfolio management and organic growth

Outlook and Strategy

- Take advantage of value added acquisition opportunities as they present themselves
- Carzoos continues to be a focus as we refine the business model to ensure scalability benefits can be realised and maximised in the mid-term
- Continue to invest in alternative and complimentary related models such Precision Automotive Technology (PAT) and Carzoos
- Project exploring alternate mobility solutions via innovative vehicle usage and ownership platforms have commenced internally and externally

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Appendix

A.P. Eagers

COMPANY PROFILE

AP Eagers Today (December 2017)

- **105** year old automotive retail group founded in **1913** (January 2018)
- **61** years as a listed public company – dividend paid every year
- A.P. Eagers owns \$307m 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
- **4,333** employees **140+** dealership locations in QLD, NT, NSW, VIC, TAS and SA
- 23.8% ownership of Automotive Holdings Group (\$287.4m*)
- 7.8% ownership of Cox Automotive Australia (\$10.4m)

* As at 31 December 2017

AP Eagers Volume Car Brands

Represents 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

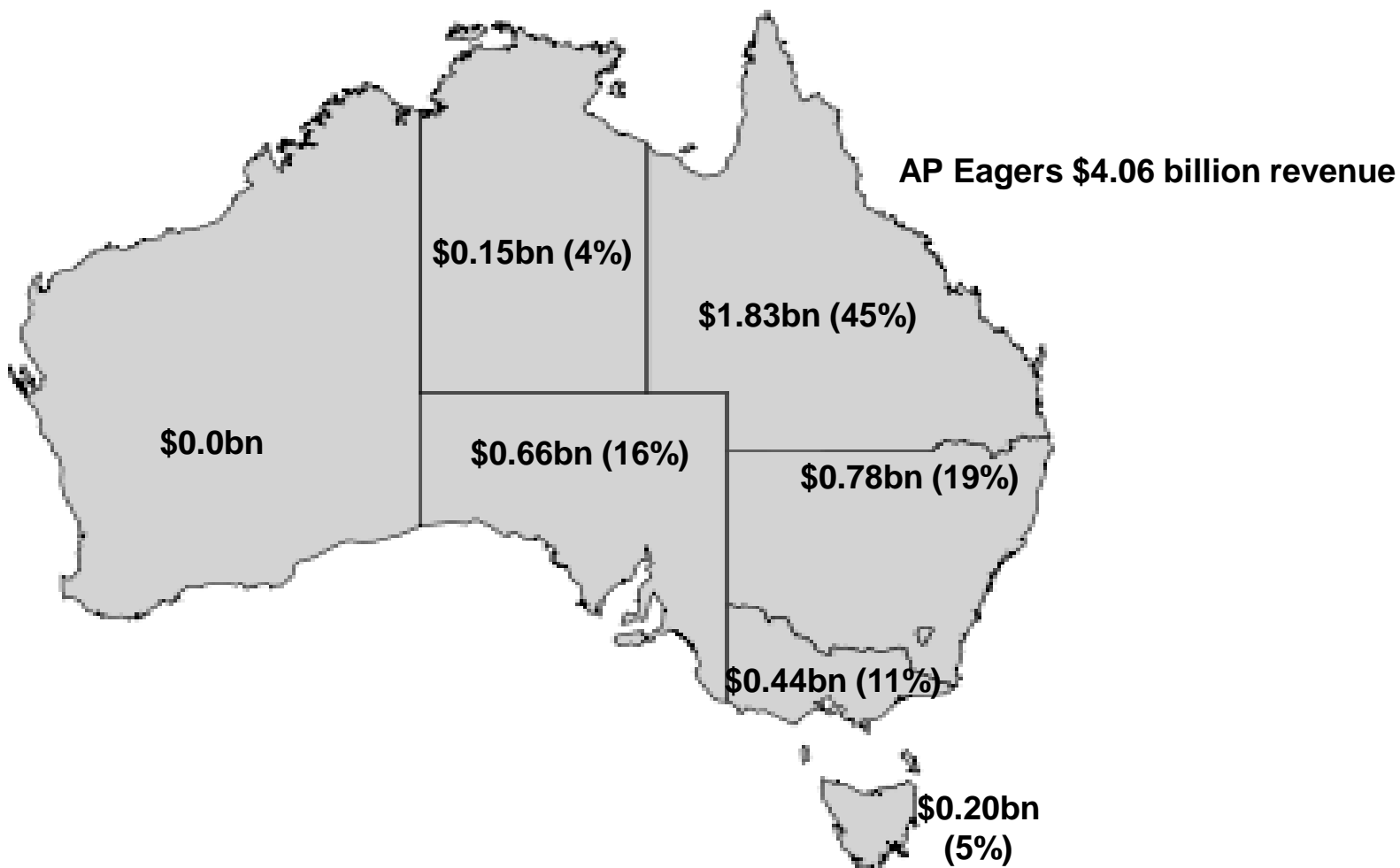


GOLDEN DRAGON



UD TRUCKS

Revenue by State / % of group Revenue



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