

2018 Half Year Results Presentation

August 2018



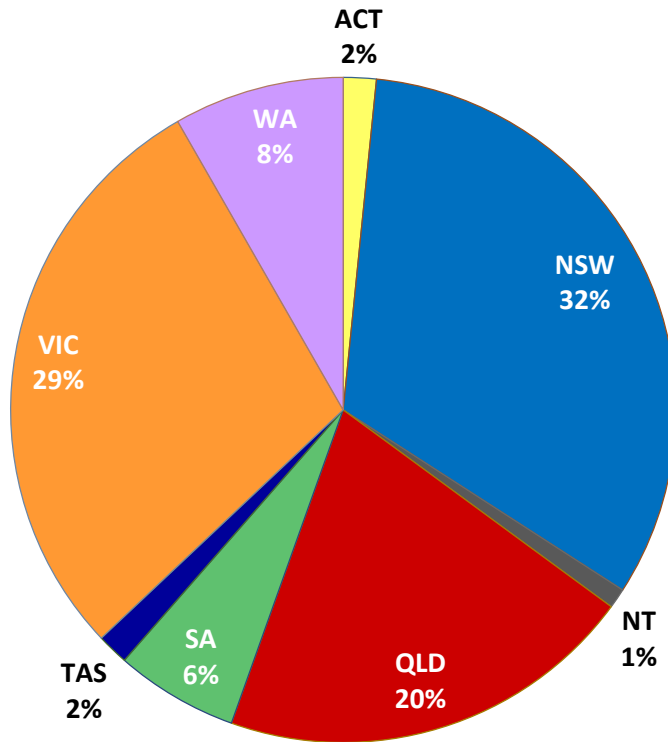
AD EAGERS Established 1913

2018 Half Year Highlights

- Record statutory profit before tax \$69.5m, up 2.1% on 1H17
- Record net profit after tax \$53.7m, up 8.8% on 1H17
- Record statutory (basic) EPS of 27.7 cents, up 9.1% on 1H17
- Record fully franked interim dividend of 14.0 cents, up 3.7% on 1H17
- Record results from VIC / TAS Car Retailing segment and Truck Retailing
- QLD recorded improved profitability
- NSW / SA faced tougher trading conditions
- Strong balance sheet

Australian New Vehicle Sales – June YTD 2018

Total Australian Market Share by State
(VFACTS)



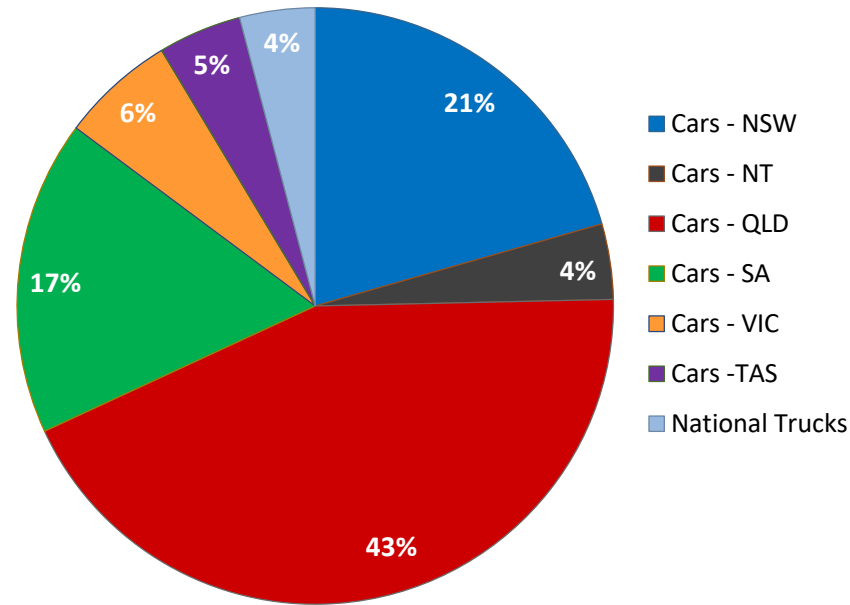
- New vehicle market up 1.0%
- NSW down 2.7%; NT down 0.4%
- WA up 4.1%; TAS up 4.0%; VIC up 3.4%; QLD up 2.7%
- New vehicle market down 7.8% in July 18 with TAS the only state with growth

Total market: 605,522 (1H17: 599,552) – up 1%

APE Vehicle Sales 1H 2018

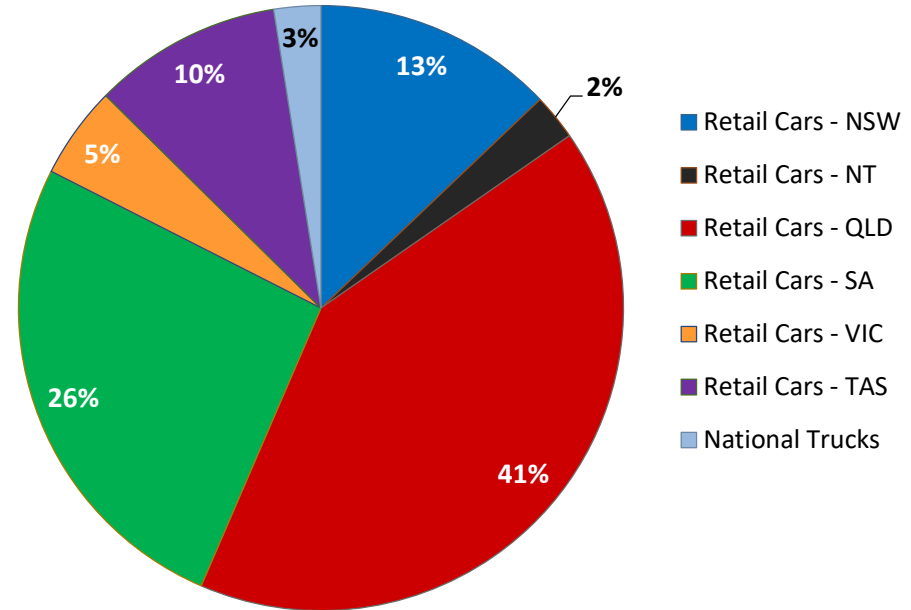
APE New Vehicle Sales by State

Total 31,397 + 0.9% (5.2% of National Market)



APE Used Retail Vehicle Sales by State

Total 11,814 -4.1% (est. 1.0% of National Market)



2018 Half Year Highlights - Financial

- Record statutory (basic) EPS of 27.7 cents, up 9.1% on 1H17
- Record fully franked interim dividend of 14.0 cents, up 3.7% on 1H17
- EBITDA \$90.3m, up 1.6% on 1H17
- Underlying⁽¹⁾ net profit before tax increased by 1.4% to \$69.2 million
- Cash flow from operations of \$86.3m
- Continued financial strength and flexibility: - EBITDA/Interest cover 6.9 times (1H18)
- EBITDA/Interest cover 7.2 times (1H17)

⁽¹⁾ Underlying adjustments include Business acquisition costs \$0.05m (includes taxes, legal and other costs associated with Business acquisitions) and benefit from property revaluations \$0.35m.

Financial Summary

\$ Million	1H18	1H17	Change	
Revenue	2,097.5	2,033.4	Up	3%
EBITDA	90.3	88.8	Up	2%
EBIT	82.6	80.5	Up	3%
PBT	69.5	68.1	Up	2%
PAT	53.7	49.3	Up	9%
Cash from operating activities	86.3	100.3	Down	-14%
NTA/share	2.26	2.30	Down	-2%
Net gearing excluding bailment debt	22.4%	24.6%		

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 25.8% shareholding (YE17: 23.8%), valued at \$244.3m
- Substantial property portfolio underwrites the company's financial position
- NTA decreased by 9.2% to \$2.26 per share (YE17: \$2.49) due to lower value of AHG investment

	1H18 (\$M)
CA - CL	69.6
Freehold Property	298.5
Other Non Current Tangible Assets	87.4
Investments	255.2
Intangible Assets	310.6
Non Current Debt	(254.3)
Other N/C Liabilities (Deferred tax, and provisions)	(24.5)
Net Assets	742.6

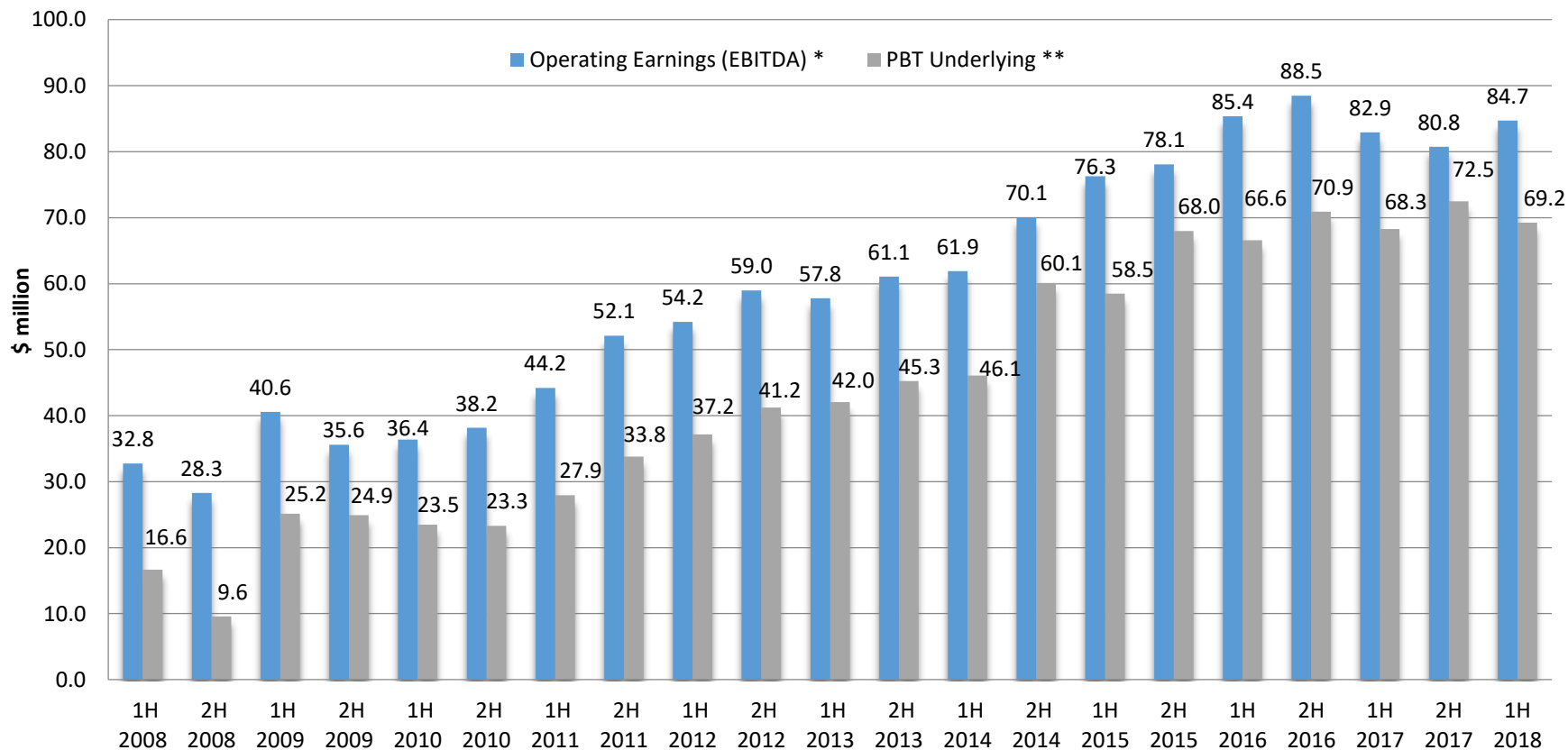
Earnings Per Share

EPS Bridge



Financial Trends – Underlying PBT

Financial Trends: Underlying PBT

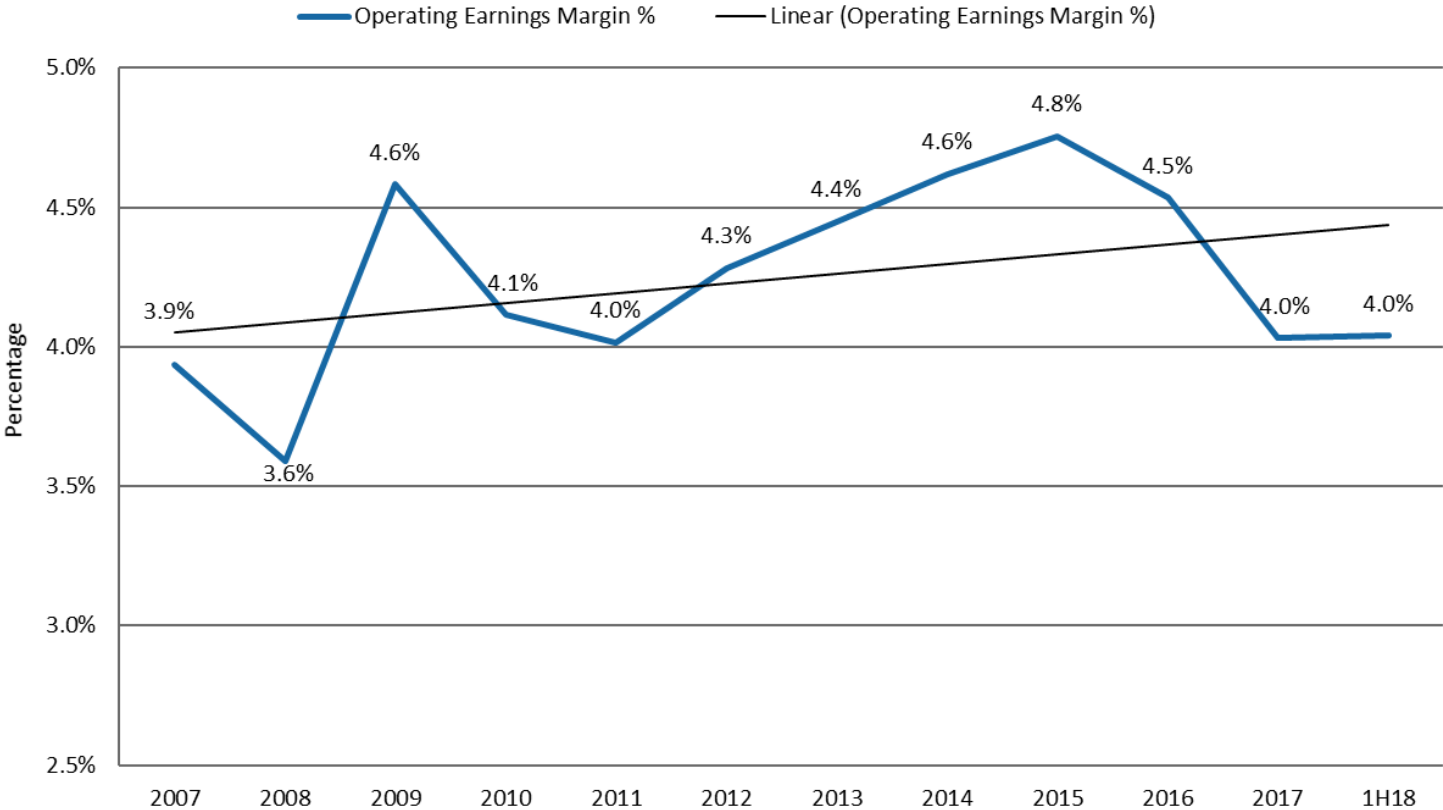


* Operating Earnings is EBITDA Underlying excluding profit/loss on sale of assets and from associates. It includes AHG dividend.

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

Financial Trends

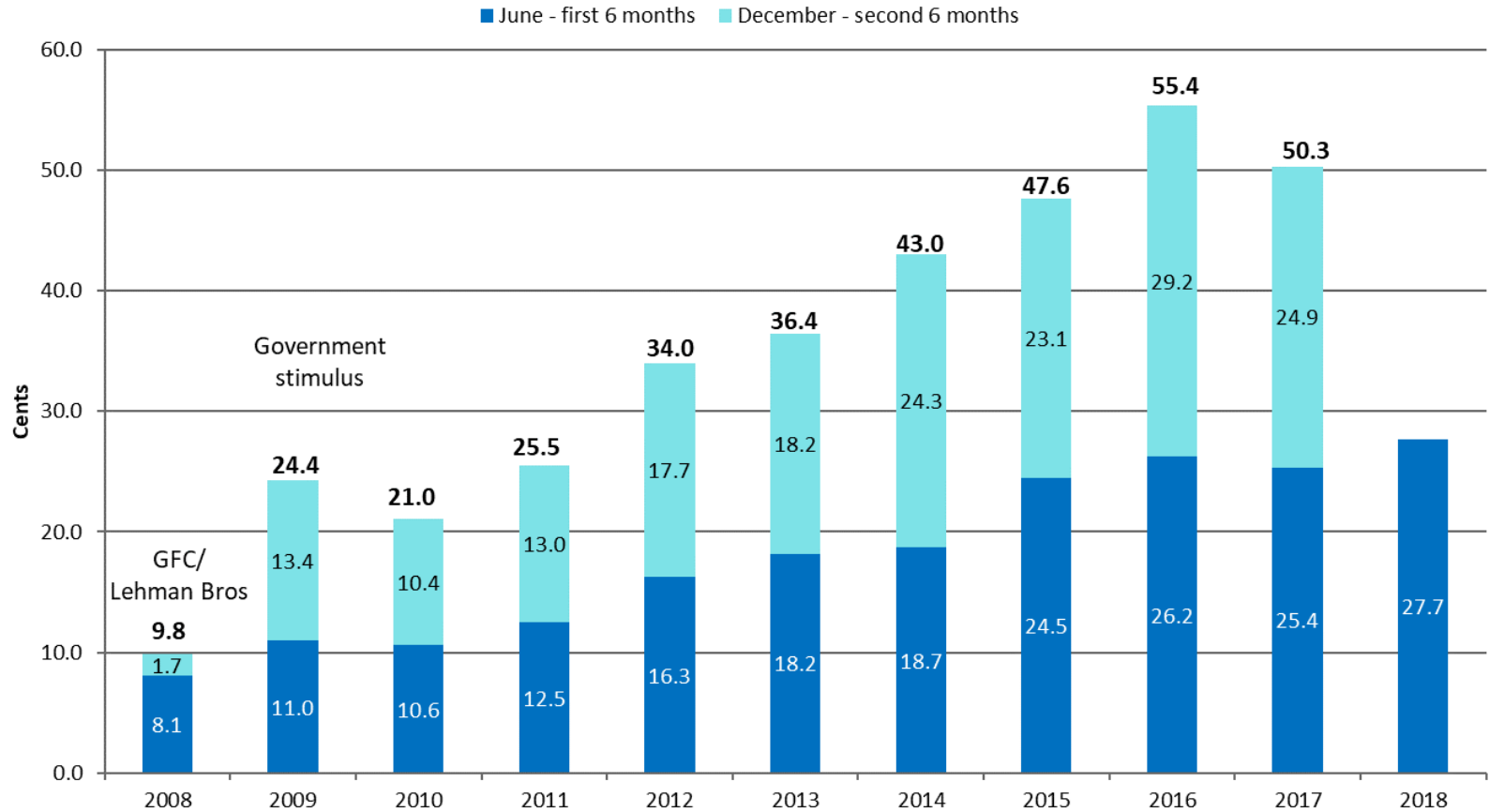
Operating Margin



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

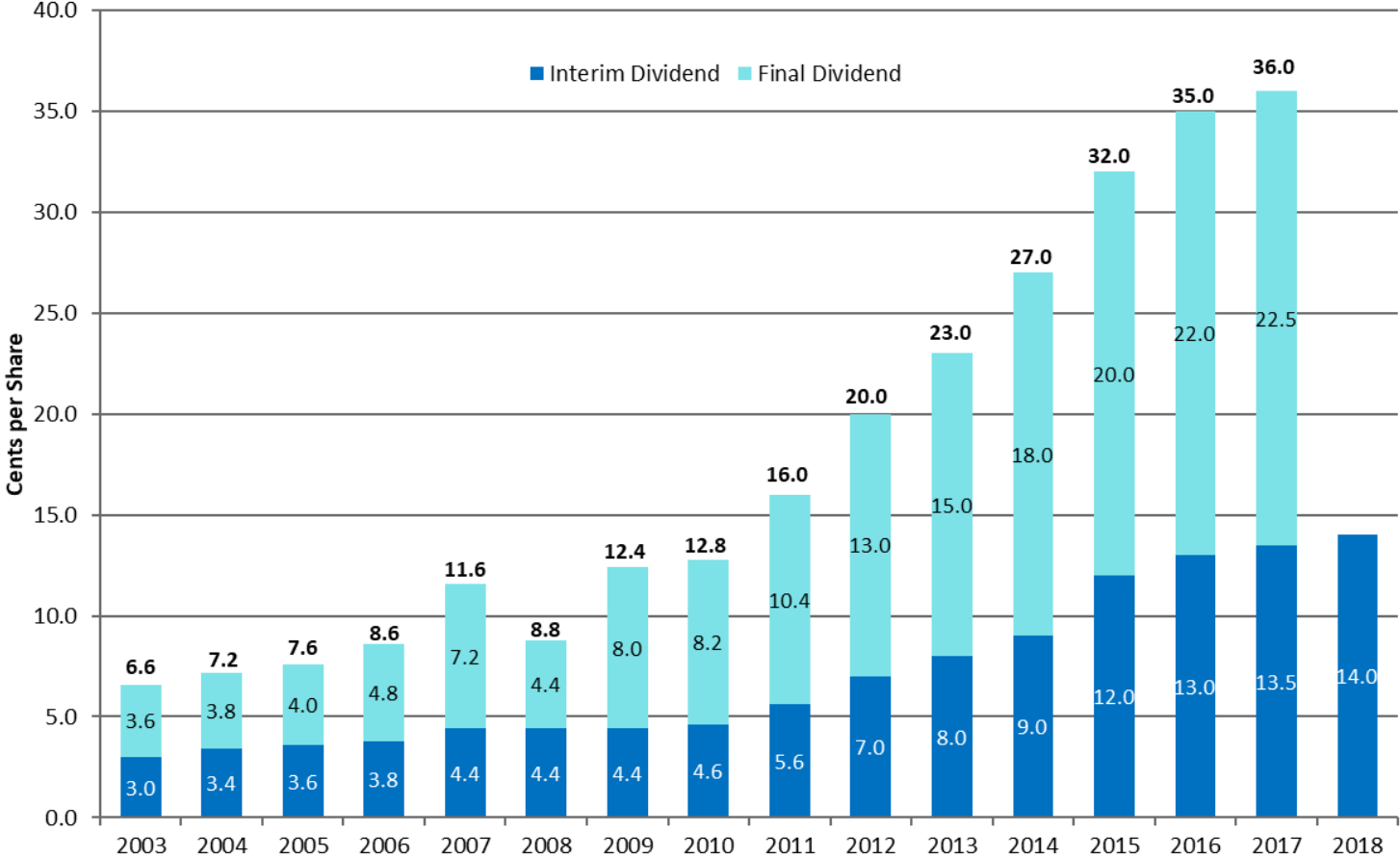
Financial Trends

EPS Statutory (Basic)



Financial Trends

Dividend



Segment Results

Car retailing

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

Truck retailing

Record results reflecting favourable market conditions. Improved profitability in new truck and strong trading in service business

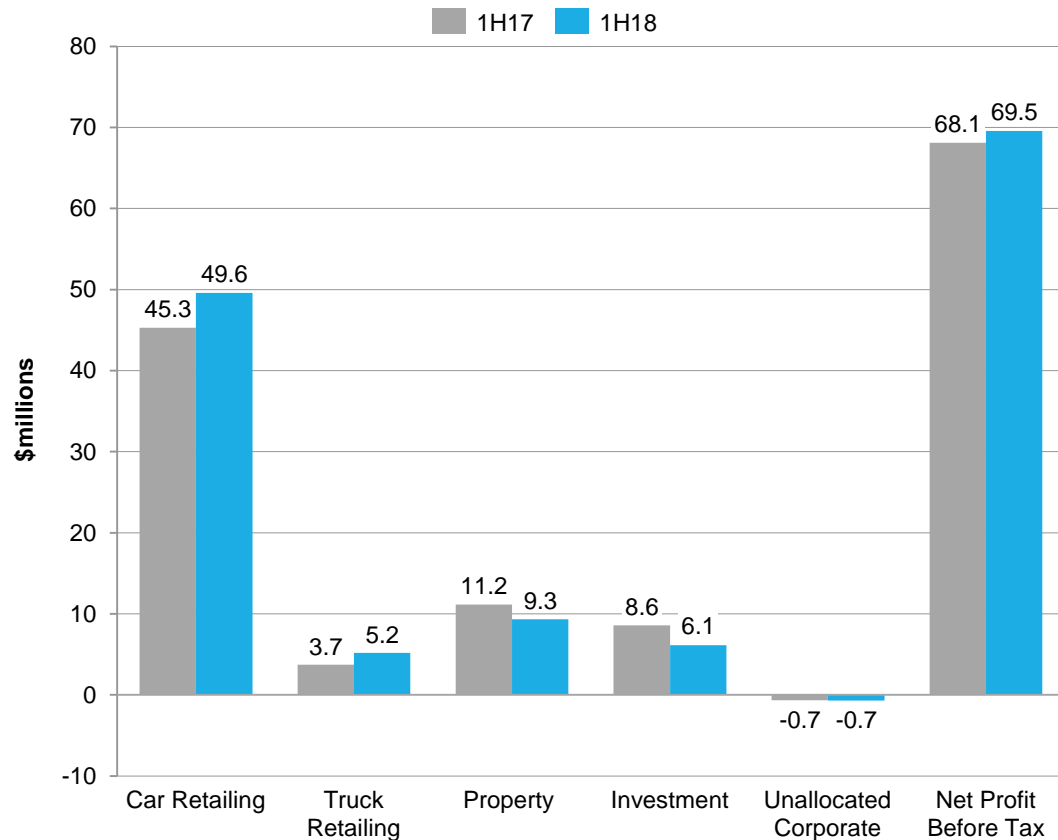
Property

Recorded gain on sale of non-core property of \$3.6m vs \$5.9m in 1H17

Investment

Dividend income, recorded gain on investment sale of nil vs \$2.1m in 1H17

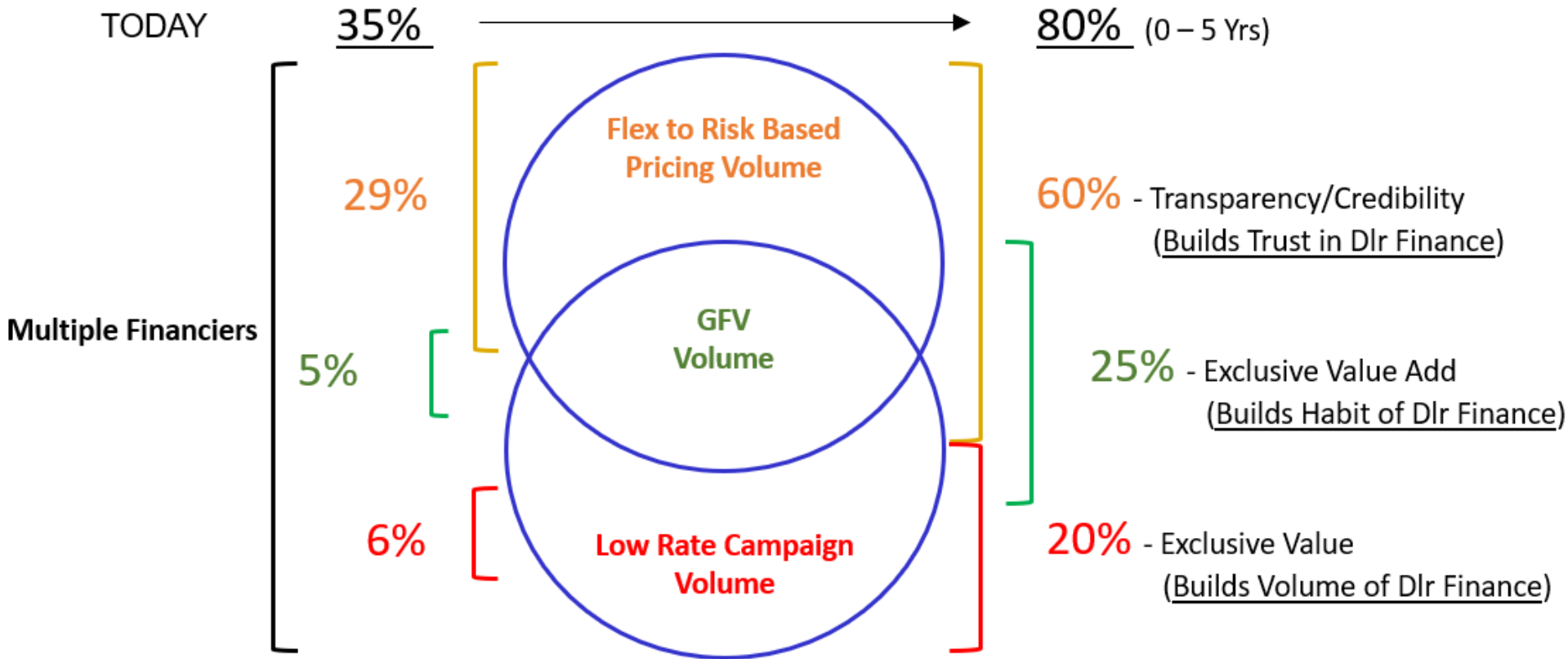
Segment Contributions



Outlook

- Implement new Risk Based Pricing (RBP) finance models from our multiple financiers
- Through superior process, procedures and training excel in RBP penetration
- Complete portfolio adjustments related to underperforming operations
- Continue to redevelop and reorganise our inner City Brisbane facilities to provide long term solutions for all stakeholders. These include the airport, satellites and shopping centres

Industry Flex Commission to Risk Based Pricing – Starting Nov 2018



The Result – UK and USA

Consumer car finance market up by 9% in May

6 July 2018

New figures released today by the Finance & Leasing Association (FLA) show that new business in the point of sale (POS) consumer new car finance market grew 15% by value and 10% by volume in May, compared with the same month in 2017.

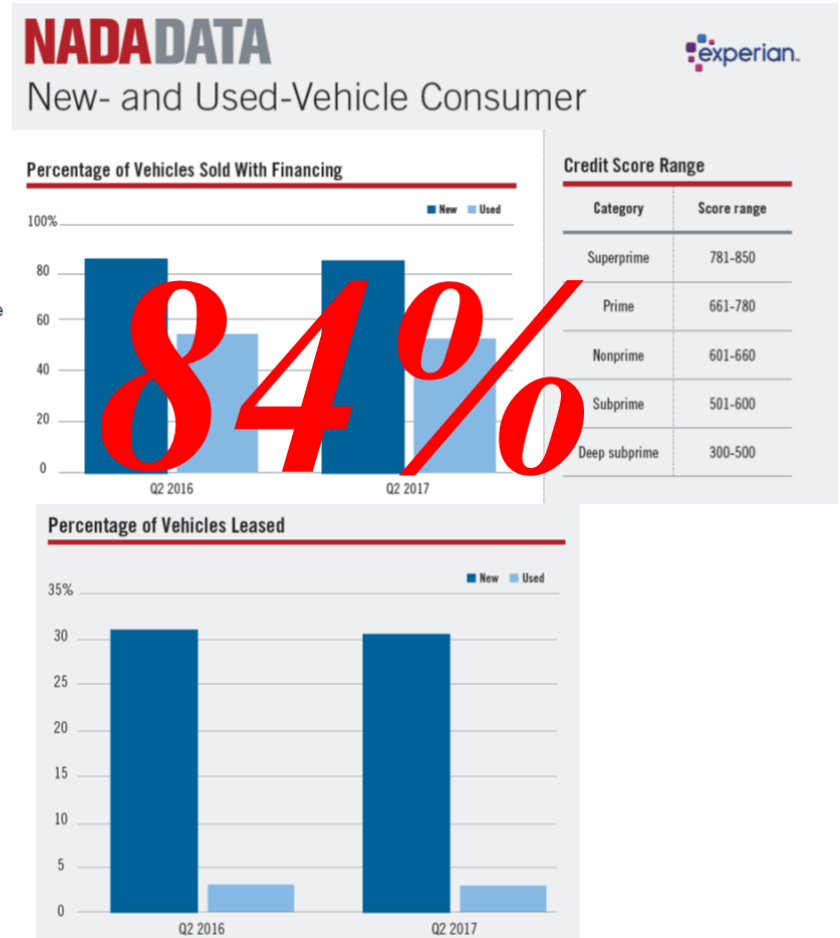
The percentage of private new car sales financed by FLA members through the POS was 89.3% in the twelve months to May 2018, unchanged compared with the same period to April 2018.

The POS consumer used car finance market also reported new business growth in May 2018 of 12% by value and 9% by volume.

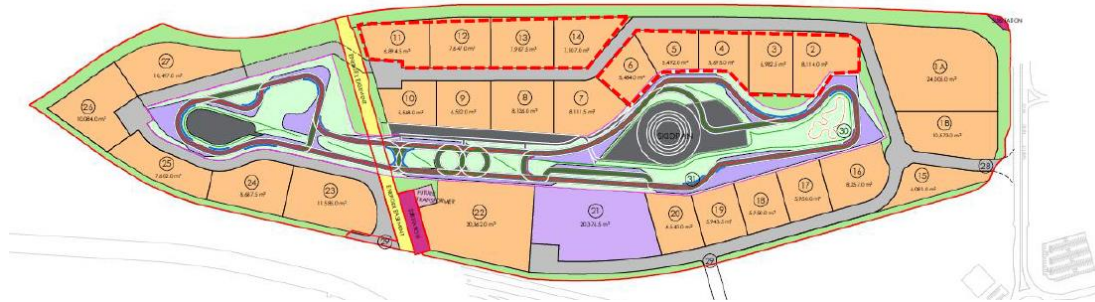
Geraldine Kilkelly, Head of Research and Chief Economist, said:

“The POS consumer car finance market reported new business volumes overall up by 4% in the first five months of 2018, consistent with expectations for the year as a whole.”

Table 1: Cars bought on finance by consumers through dealerships



BNE Auto Mall, Brisbane Airport



Flexible Land and Building Portfolio

- 39 Properties (QLD / NSW / VIC / SA) owned \$298m (35%)
- 174 Leased Properties nationwide approx. value \$549m (65%)
- Average lease expiry 3 years 6 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

AHG Investment

- 85,703,588 shares (25.8%) valued at \$244.3m at \$2.85 (30/06/18)
- Unrealised revaluation loss of \$65.7m in investment segment \$2.85 (Jun18) vs \$3.64 (Dec17)
- 6.7m new shares acquired in 1H18 costing \$22.5m plus 1.4m new shares acquired commencing 2 July 2018 costing \$3.7m
- 2018 Fully Franked after tax dividends - Mar \$7.9m (2017 \$7.2m)

Disclaimer

- The information in this document (information) does not contain all information necessary for investment decisions, is not intended to be an offer, invitation or recommendation with respect to shares, is not financial product advice, and is intended to be general background information on A.P. Eagers Limited (APE).
- Investors should consult with their own professional advisers.
- No representation or warranty is made as to the accuracy, adequacy, reliability or completeness of the information.
- This document does is not, and should not be relied upon as, a promise, representation, warranty or guarantee as to the future performance of APE.
- This document may contain forward-looking statements, forecasts and estimates (forward-looking statements), including anticipated future performance of APE and the market in which it operates.
- Forward-looking statements are based on certain key expectations and assumptions of known and unknown risks, uncertainties and other factors, which are deemed reasonable when made but may or may not prove correct. Actual events are difficult to predict and may depend upon factors beyond APE's control. Therefore, actual results may turn out to be materially different from any future results, performance or achievements express or implied by the forward-looking statements.
- Forward-looking statements only speak as of the date of this document and no representations are made as to the accuracy or fairness of such forward-looking statements. APE disclaims any obligation to update any forward-looking statements, to reflect any change in APE's expectations with regard thereto, or any change in events, conditions or circumstances on which the statements are based.

Appendix



A.P. Eagers

COMPANY PROFILE

AP Eagers Today (June 2018)

- **105** year old automotive retail group founded in **1913**
- **61** years as a listed public company – dividend paid every year
- A.P. Eagers owns \$298m of prime real estate
- Represents all **20** of the top **20** selling vehicle brands in Australia and **32** car brands in total along with **11** truck / bus brands
- **4,354** employees **140+** dealership locations in QLD, NT, NSW, VIC, TAS and SA
- 25.8% ownership of Automotive Holdings Group (\$244.3m*)
- 7.8% ownership of Cox Automotive Australia (\$10.4m*)

*As at 30 June 2018

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 9 of the top 10 selling luxury car brands in Australia



Mercedes-Benz



Audi



PORSCHE



JAGUAR



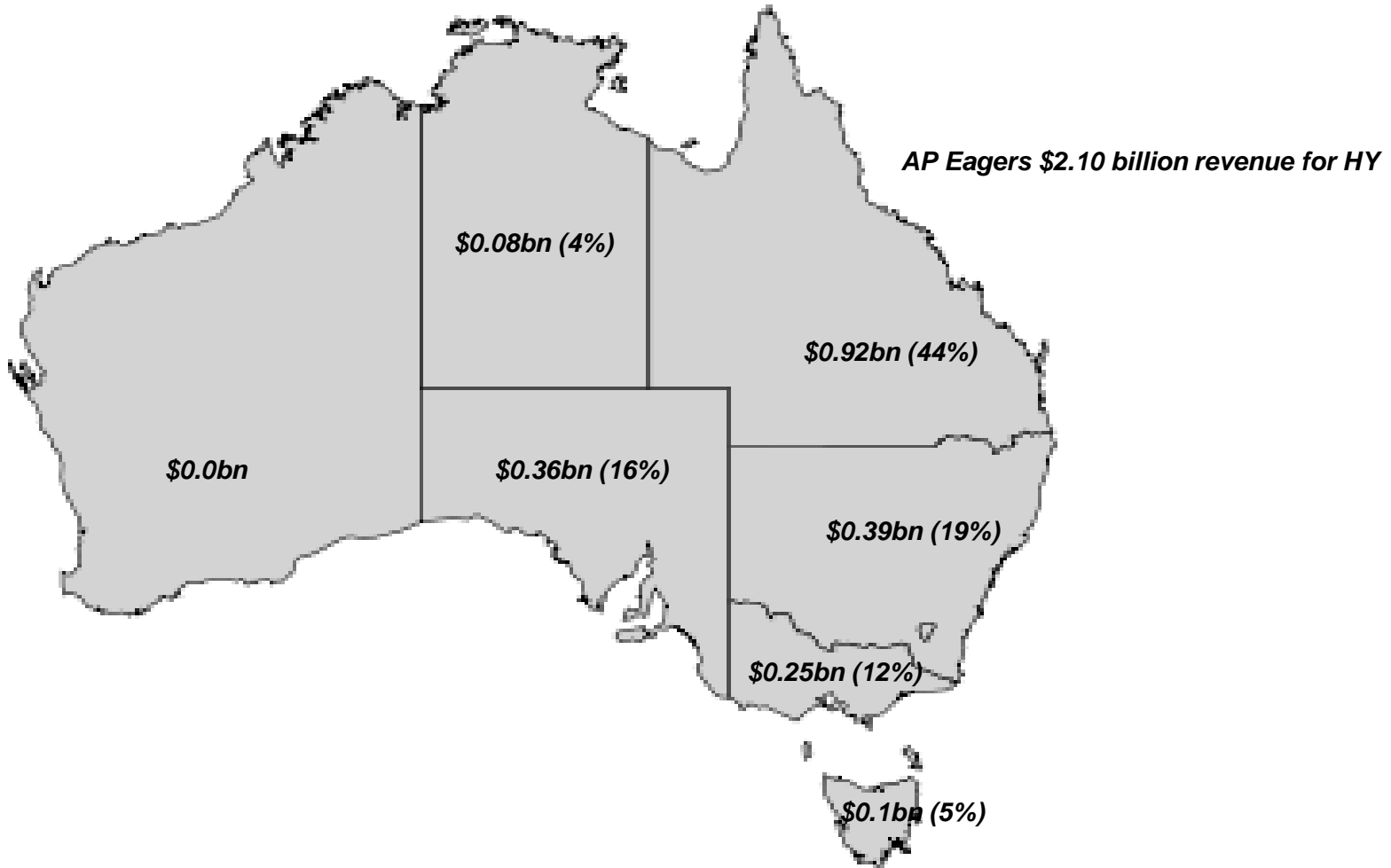
** Luxury is defined as luxury vehicle selling more than 500 units annually (V Facts)*

AP Eagers Truck and Bus Brands

Representing 11 truck and bus brands



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