

AP Eagers Limited

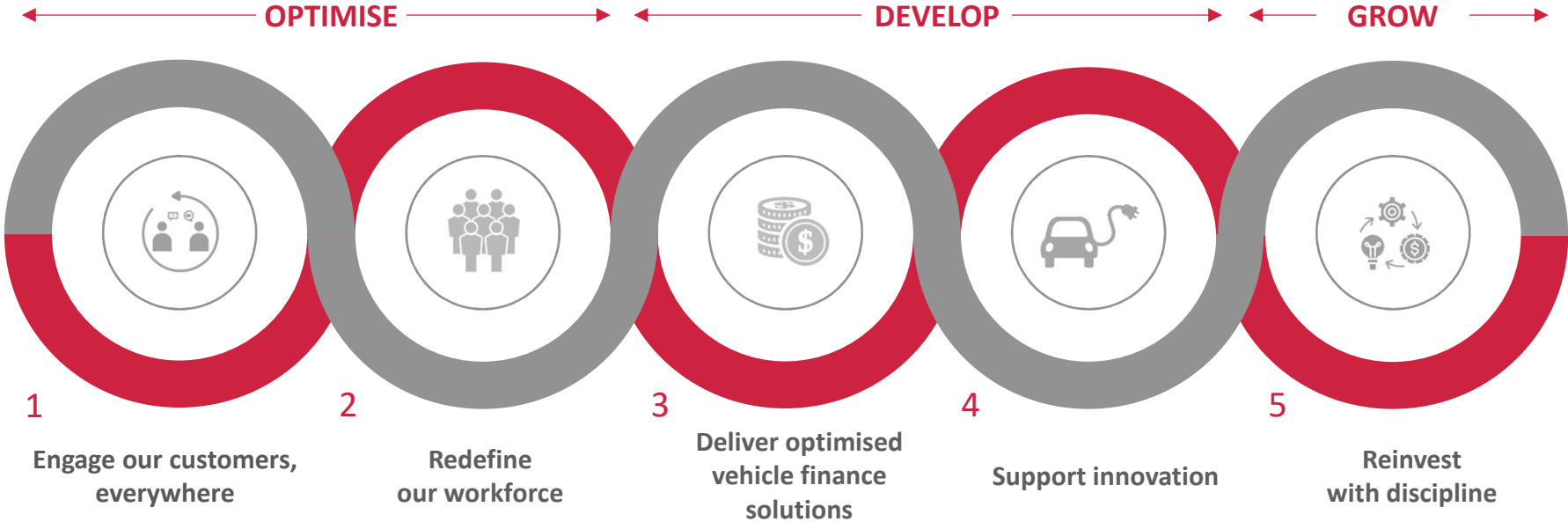
Investor Presentation: 3 April 2019



ap Established 1913
EAGERS

THE NEXT100:

Providing integrated mobility solutions for the next 100 years.

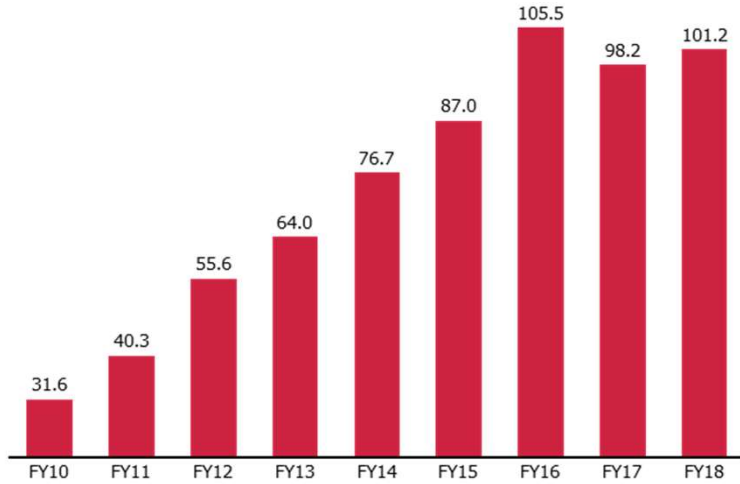


EXCEED STAKEHOLDER EXPECTATIONS
Customers. Employees. Partners. Shareholders. Community.

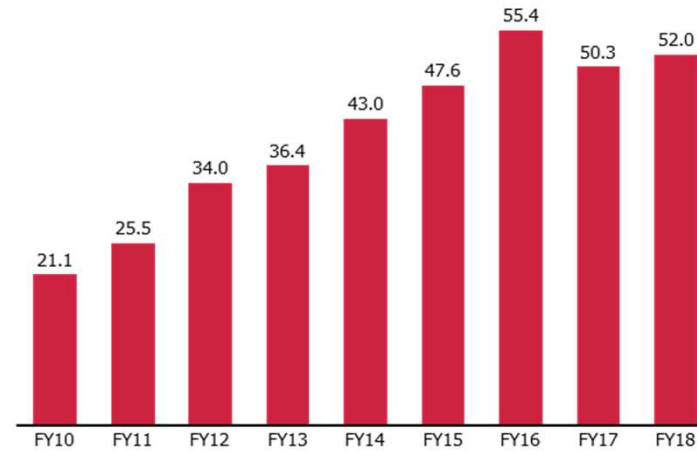
APE Credentials

Consistent record of profit, dividend and EPS growth

Net profit after tax (\$m)



Earnings per share (cents per share)



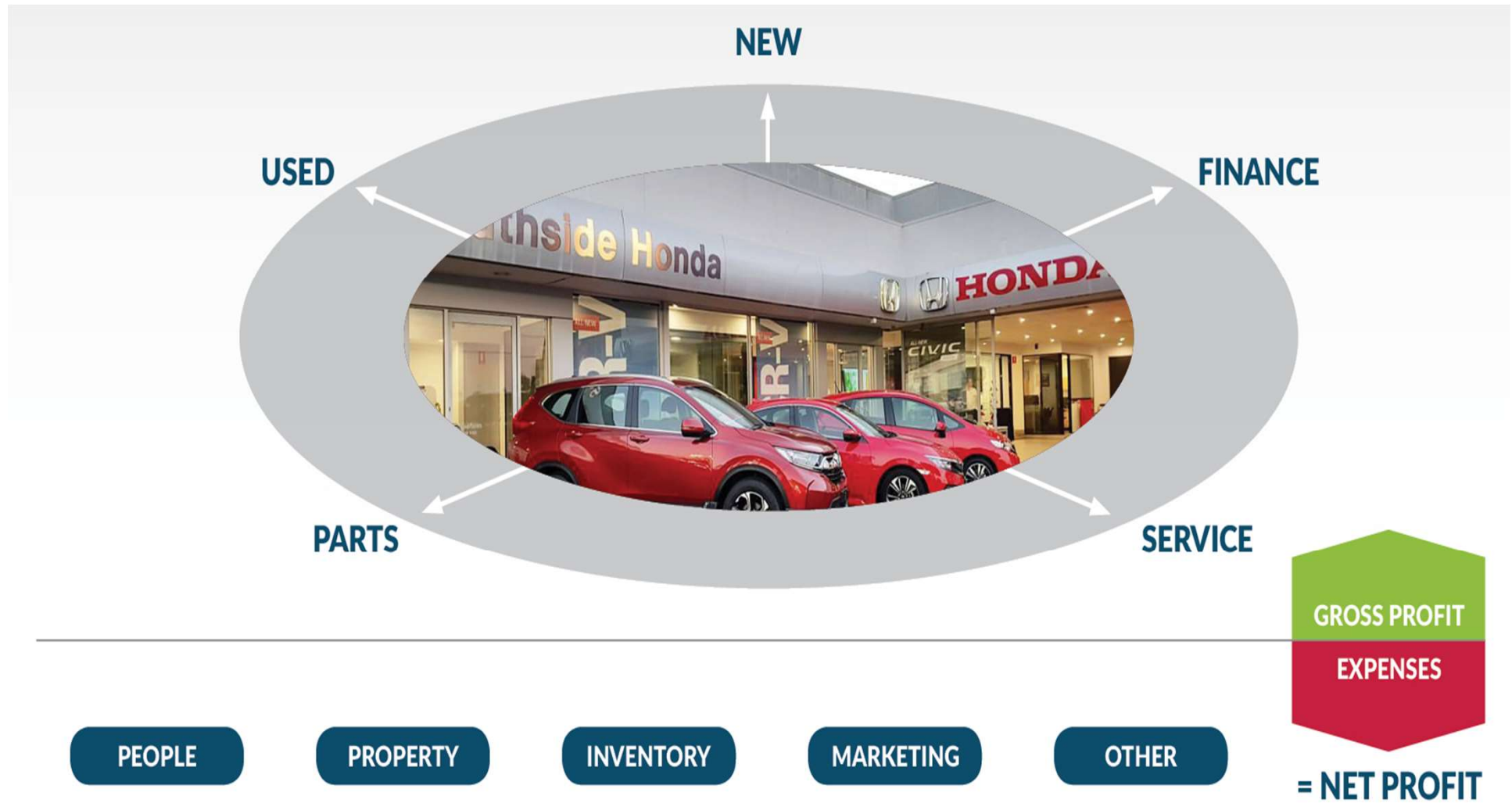
Dividends (cents per share)



10 year total shareholder return on \$1,000 investment at 1 April 2019

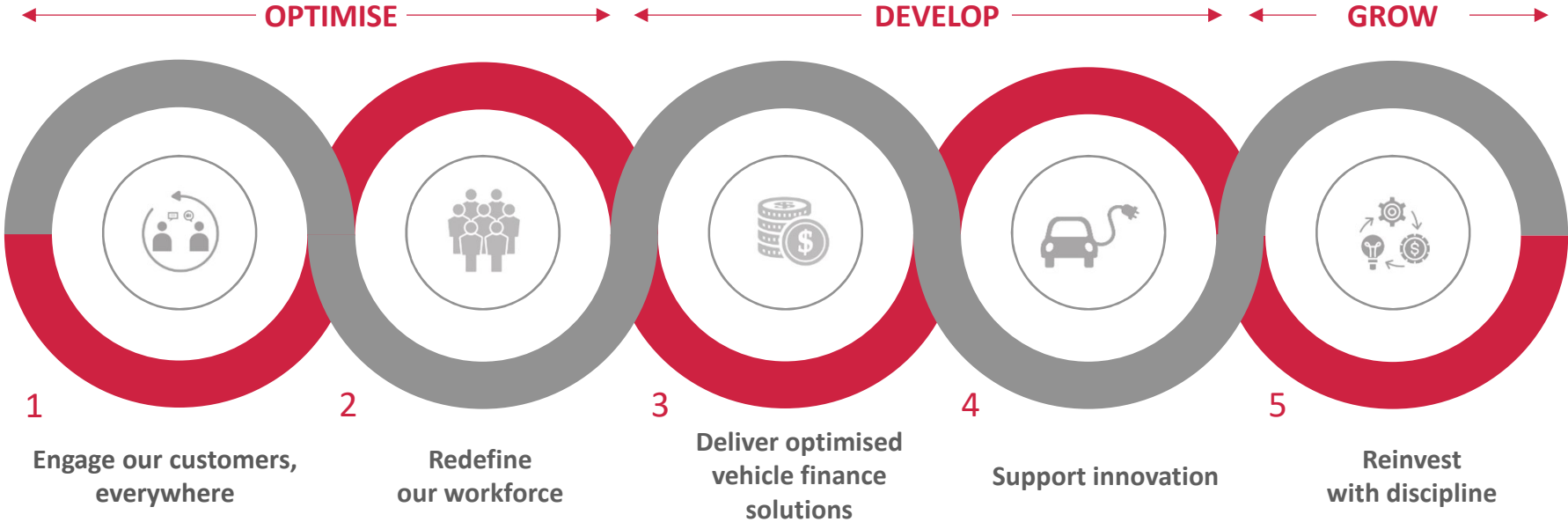


How do retail dealerships work?



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Strategy Overview



- **Continue to outperform industry:** solid foundations, disciplined approach, multi-profit drivers
- Future growth strategy underpinned by:
 - **Engaging our customers, everywhere.** Leveraging our flexible property portfolio to continue development of an omni-channel retail approach via our future dealerships retailing networks;
 - **Redefine our workforce** to deliver a vastly superior customer experience on a more sustainable and productive cost base;
 - **Deliver optimised vehicle finance solutions** by executing on our five point Finance Operating Plan;
 - **Supporting innovation** as our partners introduce ACE (autonomous, connected & electric) and other emerging product and service innovations; and
 - **Reinvest with discipline**, combined with rigorous review of existing & new operations to support an unrelenting focus on long term wealth creation
- Exceed expectations and deliver balanced **long term value for our stakeholders**
- Take advantage of industry opportunities as **consolidation, restructuring, rationalisation** escalates



Engage our customers, everywhere

Automotive Retail of the Future

Adapting our model to support the customer and the company



Automotive Retail of the Future

Providing choice and convenience



Automotive Retail of the Future

A unique and compelling experience with unrivalled choice



Automotive Retail of the Future

A Blended Network approach supporting Customer Centricity



Taking Automotive Retail to our customers



Taking Automotive Retail to our customers



Multi-brand service hubs



Shopping Centre Service

Scheduled and Express servicing on demand to support customer's existing shopping patterns

Multi-Branded Express Service

Ex-Bunnings facility in Albion acquired to support inner-city transition to Airport as well as neighboring sales locations



Using property to drive workforce transformation





Redefine our workforce

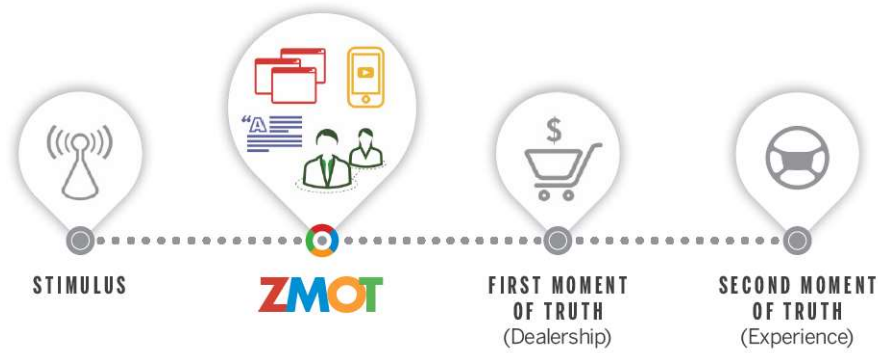


Carzoos is our proof of concept



An entirely new way to buy and sell cars.

A workforce designed by our customers



STIMULUS

TV, Radio, Online, Direct Marketing, Press, Outdoor.

ZMOT

MANUFACTURER **3RD PARTY EXPERT**
Magazine, website etc

SOCIAL MEDIA **PRICING SITES**
YouTube, Facebook, Blogs etc 3rd party lead aggregators

LOCATION **DEALER SPECIFIC**

WHAT CAR? WHAT PRICE? **HOW TO FINANCE? AND CAN I GET FINANCE?** **WHAT IS MY TRADE WORTH?**

10.4 hours on-line **18.2** sources

1ST MOT

Contact the dealership, Transaction ready.

2ND MOT

Purchase/delivery/ownership experience.



Stacy's car-buying journey included over 900 digital touchpoints* in a 3-month period



Occurred on Mobile

- 139 Google Searches
- 14 YouTube Videos
- 89 Images
- 69 Dealer Interactions
- 186 Manufacturer Interactions

*Touchpoints = searches, website visits, video views, clicks

Google case study on today's car buyer



Carzoos feedback refined our plans...



Chris James
1 review N/A, AU



26 Oct 2018

I was apprehensive at first... but it wasn't warranted!

I was apprehensive at first, largely because I was located in Cairns and unable to visit/view the vehicle and a little bit because things just seemed to be too easy. I had the old saying "if it's too good to be true, it probably is" running through my head. Buying a car "online" just seemed too simple, even though we do most other things online these days.

My contact at Carzoos was fantastic, responsive, and very easy to work with. They went above and beyond to help me out, especially regarding my location, working the purchase additions (warranty/service, etc) around to ensure I was able to utilise it up here.

From enquiring on the car, to having it delivered to my door in Cairns took just over a week.

I wouldn't hesitate to use Carzoos again, nor would I hesitate to recommend to a friend. No doubt you'll be feeling uneasy about buying a car "online" but let me tell you - they're on to something here and I reckon the old dealer experience is in a bit of trouble.

19



Published 2 hours ago

Verified order

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.



Published Tuesday, 6 June 2017

Verified order

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+



Published Monday, 20 March 2017

Verified order

Excellent Experience, Exceeded Expectations

It is nerve racking purchasing a new car, making sure you get a good deal and being treated well, especially as a female. I had such a great experience and was treated so well by everyone that worked for carzoos. The car exceeded expectations I absolutely love it, and it is so great to have all those extras thrown in such as first year comprehensive car insurance covered for you, extra warranties, road side assist, the list goes on and on. I would recommend this company to anyone looking to buy and/or sell a car.



Published Wednesday, 5 April 2017

Verified order

The best car buying experience to date...

I have bought many cars over the years from both dealers and private sellers but would suggest that this has been the best experience to date by far. I will certainly have no issue being a repeat customer.



Published Tuesday, 6 June 2017

Verified order

Straight forward and honest approach to ...

Straight forward and honest approach to buying a car, although there is still considerable paperwork the majority appears regulatory required. I appreciated their direct up-front declarations with all aspects of purchase. Will be recommending their service to people I meet.



Carzoos

Reviews 262 • Excellent



YEARS

gp EAGERS Established 1913

Business Transformation is underway

Work in harmony with
business strategy and vision...

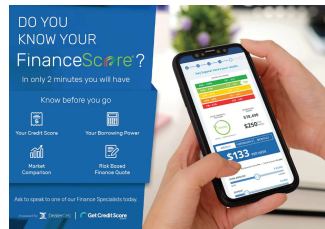
“Deliver a superior
Guest Experience
on a Lower
Cost Base.”



BTG - Lean (3 Step)

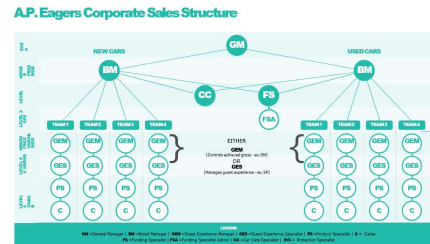
“Superior guest experience on a lower cost base .”

1. Finscore



- Implement sales quoting
- Present complimentary personal credit score
- Adopt panel lender approach
- Measure results

2. Sales Model



- Design & implement a “Pilot” sales POD
- Select the best to fill the positions
- Recruit new “Product Specialist” role
- Formalise the reduced cost base
- KPI’s set for the POD
- Communicate to all teams
- Support & promote the model

3. Remuneration

Balanced Commissions	
BUY	GUIDE
Trade-ins Commissions	
Direct Purchase Comiss	20%
FUND	
Finance Commissions	35%
SELL	
Selling Commissions	20%
PROTECT	
Car Care Commissions	15%
RETENTION	
CSI Service	10%
Monthly Comm Pool	100%

- Balanced BFSPR remuneration payment approach
- Reward more for Buy, Fund, Protect – less on Sell
- Stress test commission model
- Income pooling for POD
- Observe notice periods for changes

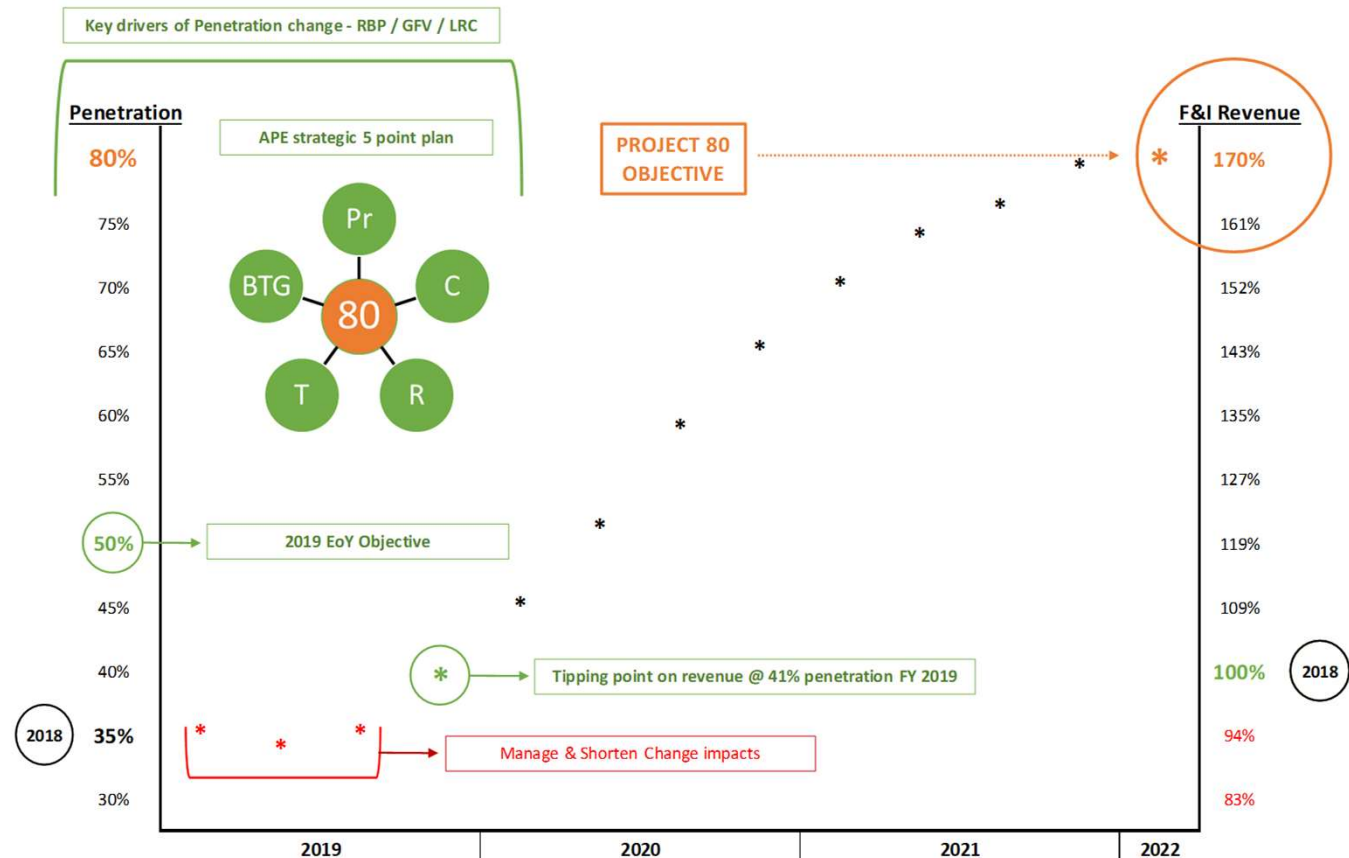


Deliver optimised vehicle finance solutions

Risk Based Pricing will drive penetration

Achieving 80% penetration will significantly increase finance income on 2018 LFL vehicle sales...will be achieved subject to planning and execution strategy

- Penetration rates driven by a combination of RBP arrangements; Guaranteed Future Value (GFV) product development; and continued low rate finance campaigns (LRC)
- Implementing strategic plan to achieve long term objective of 80% that will significantly increase finance income on 2018 comparable vehicle sales
- Targeting 50% penetration rate by end of 2019





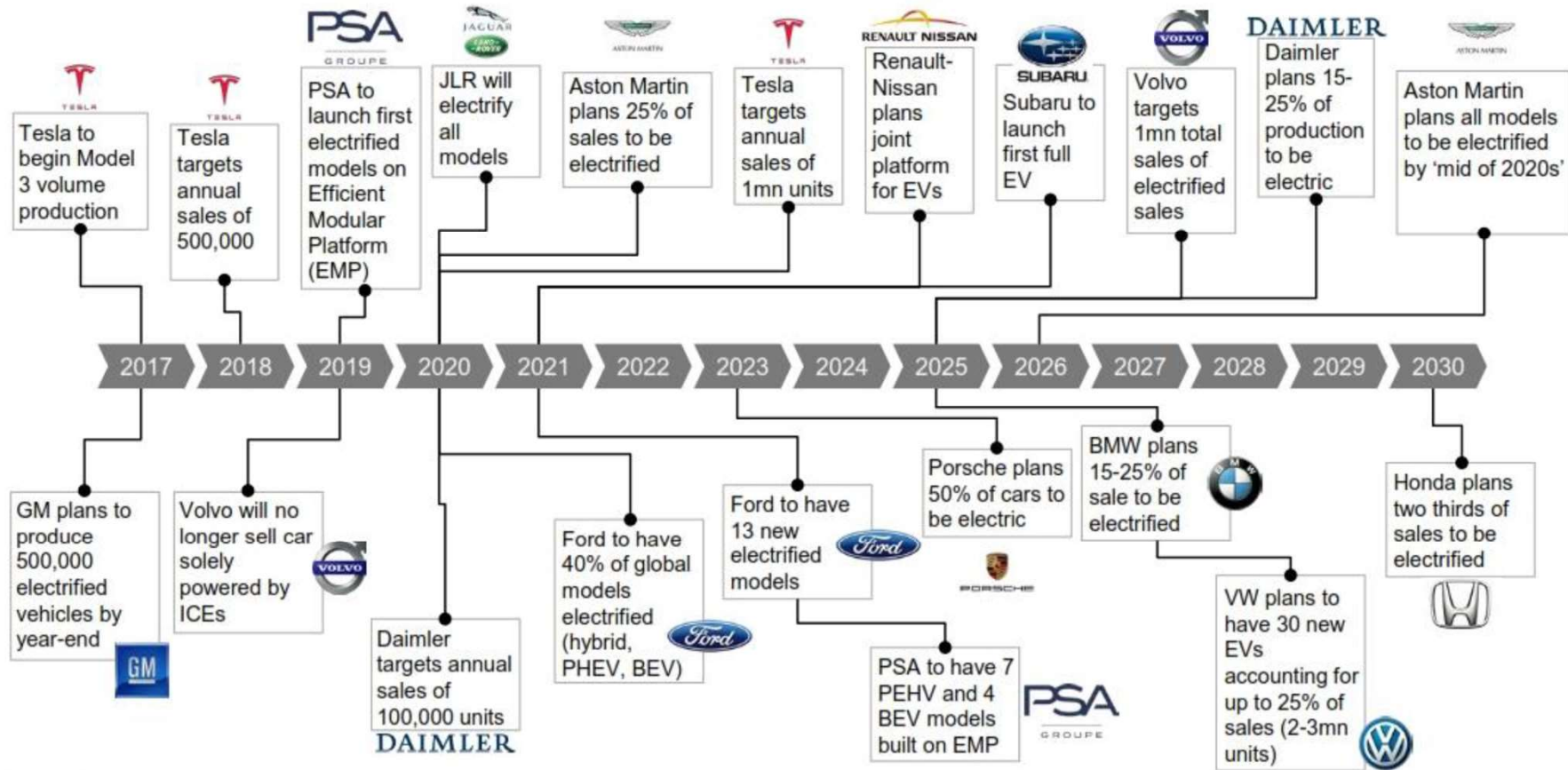
Support innovation



OEMs pile into BEV

Battery Electric Vehicles

OEM ANNOUNCEMENT REGARDING ELECTRIFICATION




Source: BMI Research, FEV

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Quantifying the likely rate of change

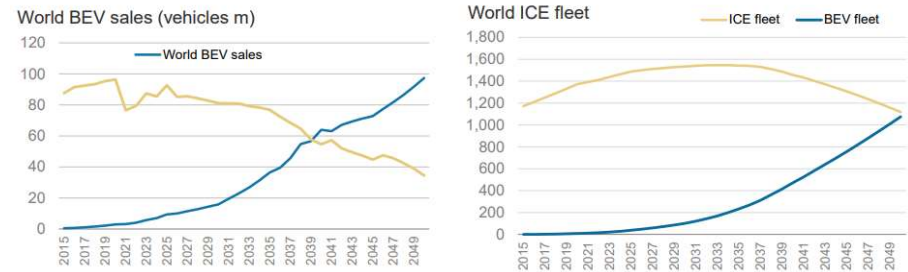
EVs MOST IMPORTANT MARKETS JAN-SEP/17



By Volume (k)		By Market Share	
China	227	Norway	16.6%
USA	61	Netherlands	1.4%
Norway	24	Austria	1.3%
France	22	China	1.3%
Germany	17	Sweden	1.2%
UK	12	France	1.2%
Japan	10	Switzerland	1.1%
Korea	8	Korea	0.6%
Netherlands	5	Germany	0.6%
Canada	5	UK	0.5%

Global fleet model to 2050

BEV sales grow strongly – at expense of ICE sales by 2030. BEV fleet catches up with ICE fleet by 2050?



The Australian car parc was **19.2m** registered cars as at 31 January 2018

A world of driverless cars

PERCEPTION
Vehicles use radar to detect obstacles, a laser-guided system for lane detection, and cameras to identify stop signs, traffic lights, construction signs, pedestrians and other vehicles.

DECISION MAKING
To make the appropriate response to an event – such as an obstacle in the road, a pedestrian, or a police sign – the vehicle must be able to identify the event, assess the situation (reflected through reliance of thousands of data points).

ADAPTIVE TRAFFIC FLOW
Smart infrastructure programs V2V signals from the road to cars to optimize speed limits, traffic-light timing and the number of lanes in each direction on the basis of forecast traffic load. The result is a smoother flow, quicker road times and less energy wasted at traffic lights or in traffic jams.

COMMUNICATION
Vehicles in a network of 100 vehicles send signals to each other, such as to warn of a nearby vehicle or to coordinate lane changes.

LOCATION
Vehicles use GPS and other location services to determine their position and to communicate with other vehicles.

ROUTE PLANNING
An onboard computer uses sensor data to plan a route that gets the car where it needs to go, avoiding traffic, road closures and other obstacles.

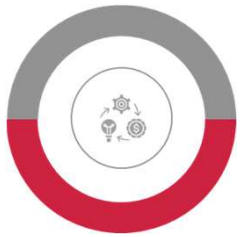
ROAD TRIPS
Vehicles can be used for a wide range of tasks, from delivery to long-haul trucking. They are expected to be used for 10% of all road trips, which is a significant increase on the current 1%.

FUEL SAVINGS
Fuel savings for cars that travel in formation.

CITIES TRANSFORMED
MASS TRANSPORT: People increasingly give up driving cars in favor of driving responses to park them or wherever they are and drive from wherever they need to go – an efficient use of a city's driving space.

800 million
One estimate of the number of US parking spaces. Many could be used for other purposes if people ride-share more.

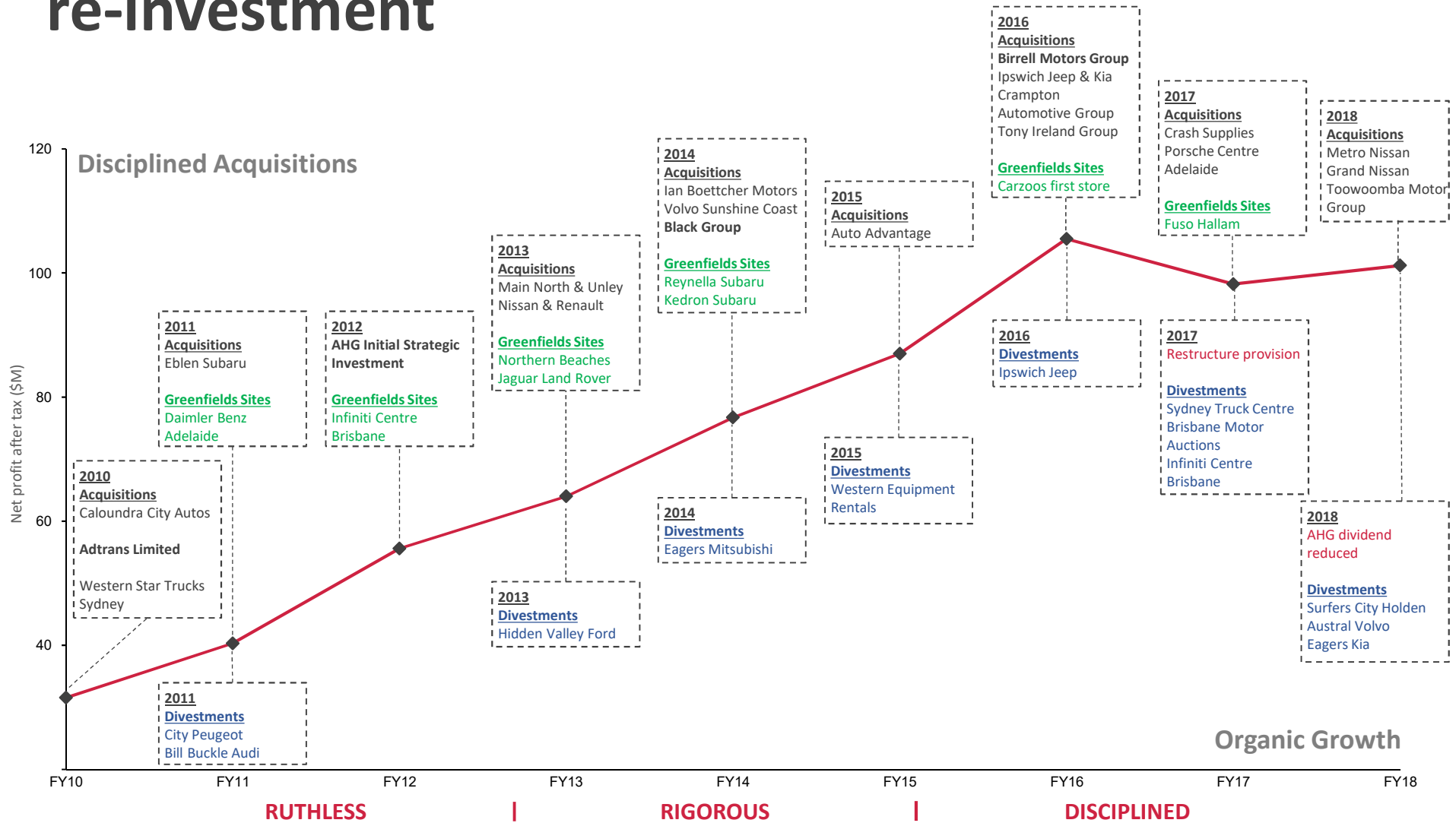




Reinvest with discipline



Active portfolio management and disciplined re-investment



Appendix



Disclaimer

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