



# Tenth Supplementary Bidder's Statement

in relation to the unconditional Offer by

## **A.P. Eagers Limited**

ABN 87 009 680 013

to purchase all of your ordinary shares in

## **Automotive Holdings Group Limited**

ABN 35 111 470 038

for **1 APE Share for every 3.6 AHG Shares that you own.**

The AHG Board unanimously recommends that you **accept** the unconditional Offer, in the absence of a superior proposal.

**The Offer will close at 7.00pm (Sydney time) on 16 September 2019, unless extended.**

**This document is important and requires your immediate attention.**

**If you are in any doubt about how to deal with this document or the Offer, you should contact your legal, financial or other professional adviser as soon as possible.**

# Tenth Supplementary Bidder's Statement

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## Important notices

This document is a supplementary bidder's statement under section 643 of the *Corporations Act 2001* (Cth) (**Corporations Act**). It is the tenth supplementary bidder's statement (**Tenth Supplementary Bidder's Statement**) issued by A.P. Eagers Limited ACN 009 680 013 (**AP Eagers**) in relation to its off-market takeover bid for all the ordinary shares in Automotive Holdings Group Limited ACN 111 470 038 (**AHG**) that AP Eagers does not already own.

This Tenth Supplementary Bidder's Statement supplements, and should be read together with, AP Eagers' bidder's statement dated 5 April 2019 (**Original Bidder's Statement**), first supplementary bidder's statement dated 26 April 2019 (**First Supplementary Bidder's Statement**), second supplementary bidder's statement dated 1 May 2019 (**Second Supplementary Bidder's Statement**), third supplementary bidder's statement dated 8 May 2019 (**Third Supplementary Bidder's Statement**), fourth supplementary bidder's statement dated 15 May 2019 (**Fourth Supplementary Bidder's Statement**), fifth supplementary bidder's statement dated 26 June 2019 (**Fifth Supplementary Bidder's Statement**), sixth supplementary bidder's statement dated 5 July 2019 (**Sixth Supplementary Bidder's Statement**), seventh supplementary bidder's statement dated 25 July 2019 (**Seventh Supplementary Bidder's Statement**), eighth supplementary bidder's statement dated 16 August 2019 (**Eighth Supplementary Bidder's Statement**) and ninth supplementary bidder's statement dated 29 August 2019 (**Ninth Supplementary Bidder's Statement**). In this Tenth Supplementary Bidder's Statement all references to the Original Bidder's Statement are references to the Original Bidder's Statement as amended and supplemented by the First Supplementary Bidder's Statement, the Second Supplementary Bidder's Statement, the Third Supplementary Bidder's Statement, the Fourth Supplementary Bidder's Statement, the Fifth Supplementary Bidder's Statement, the Sixth Supplementary Bidder's Statement, the Seventh Supplementary Bidder's Statement, the Eighth Supplementary Bidder's Statement and the Ninth Supplementary Bidder's Statement and the notice of variation dated 8 May 2019. This Tenth Supplementary Bidder's Statement prevails to the extent of any inconsistency with the Original Bidder's Statement, the First Supplementary Bidder's Statement, the Second Supplementary Bidder's Statement, the Third Supplementary Bidder's Statement, the Fourth Supplementary Bidder's Statement, the Fifth Supplementary Bidder's Statement, the Sixth Supplementary Bidder's Statement, the Seventh Supplementary Bidder's Statement, the Eighth Supplementary Bidder's Statement and the Ninth Supplementary Bidder's Statement. Unless the context requires otherwise or separately defined in this Tenth Supplementary Bidder's Statement, terms defined in the Original Bidder's Statement have the same meaning in this Tenth Supplementary Bidder's Statement.

A copy of this Tenth Supplementary Bidder's Statement was lodged with ASIC on 6 September 2019. Neither ASIC nor any of its officers takes any responsibility for the content of this Tenth Supplementary Bidder's Statement.

## 1 Reasons to ACCEPT the Offer without delay

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All AHG Shareholders who are yet to accept the Offer are strongly encouraged to do so without delay for the following reasons:

- AHG's board unanimously recommends that AHG Shareholders accept the Offer, in the absence of a Superior Proposal. Each AHG Director has accepted, or procured the acceptance of, the Offer for all the AHG Shares they owned or controlled.
- As at 7.00pm on 5 September 2019, AP Eagers had a Relevant Interest in 77.9755% of AHG Shares. AHG Shareholders who do not accept the Offer will therefore remain minority shareholders in AHG unless AP Eagers is able to proceed with compulsory acquisition.<sup>1</sup>
- To be entitled to receive the interim dividend announced by AP Eagers on 29 August 2019 of \$0.14 per APE Share in respect of the APE Shares issued to them under the Offer, AHG Shareholders need to accept the Offer.<sup>2</sup>
- The Offer is unconditional. AHG Shareholders who accept the Offer will be issued their APE Shares within seven Business Days of AP Eagers receiving a valid acceptance from the shareholder in accordance with the terms of the Offer.
- AP Eagers intends to have AHG removed from the Official List of the ASX if the number of AHG Shareholders is less than that required by the ASX to maintain an ASX listing.<sup>3</sup>
- No Competing Proposal has emerged since the Offer was announced by AP Eagers on 5 April 2019.

Detailed instructions on how to accept the Offer are set out in section 3 and paragraph 4 of Schedule 1 of the Original Bidder's Statement.

The Offer will remain open for acceptance until 7.00pm (Sydney time) on Monday, 16 September 2019 (unless extended under the Corporations Act).

## 2 Recent financial results

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Since the date of the Original Bidder's Statement:

- AHG released its unaudited preliminary financial report<sup>4</sup> and full year results for the 12 months ended 30 June 2019 (a copy of which is available on AHG's website at [www.ahgir.com.au](http://www.ahgir.com.au));<sup>5</sup> and
- AP Eagers released its interim financial report for the half year ended 30 June 2019 (a copy of which is available on AP Eagers' website [www.apeagers.com.au](http://www.apeagers.com.au)).<sup>6</sup>

AP Eagers will make available copies of these documents (or relevant extracts of them) free of charge to any AHG Shareholders who request them during the Offer Period.<sup>7</sup>

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<sup>1</sup> AP Eagers will be able to, and will, compulsorily acquire outstanding AHG Shares if, during or at the end of the Offer Period, AP Eagers has a Relevant Interest in AHG Shares above 90%.

<sup>2</sup> Assuming that accepting shareholders do not dispose of their APE Shares prior to the *record date* for that dividend.

<sup>3</sup> See sections 8.3 and 8.4 of the Original Bidder's Statement for further information.

<sup>4</sup> A preliminary financial report is based on financial accounts which are unaudited.

<sup>5</sup> Released to the ASX on 23 August 2019.

<sup>6</sup> Released to the ASX on 29 August 2019.

<sup>7</sup> If you would like to receive a copy of any of these documents, please contact the AP Eagers Offer information line on 1300 560 339 (or +61 2 8011 0354 for overseas domiciled holders) between 9.00am to 5.00pm (Sydney time) Monday to Friday. Copies of all documents lodged with ASIC in relation to AP Eagers can also be inspected at the registered office of AP Eagers during normal office hours.

### 3 Updated pro forma financial information for the Merged Group

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This section 3 updates the previous disclosure about the Merged Group Pro Forma Historical Financial Information contained in sections 9.8 to 9.13 of the Original Bidder's Statement and section 5.3 of the Third Supplementary Bidder's Statement.

#### Summary of information

The information included in sections 3.2 to 3.4 of this Tenth Supplementary Bidder's Statement is pro forma financial information for the Merged Group comprising AP Eagers and AHG as at 30 June 2019 to illustrate the impact of transactions relating to the Offer as if they occurred on 30 June 2019 from a statement of financial position perspective, and 1 July 2018 from a statement of profit or loss and statement of cash flows perspective (collectively, **Updated Merged Group Pro Forma Financial Information**).

The Updated Merged Group Pro Forma Financial Information is indicative only. AP Eagers has drawn conclusions based on the facts known and other information publicly available as at the date of this Tenth Supplementary Bidder's Statement. If the facts, circumstances or other information should prove different to that described, the conclusions may change accordingly.

The Updated Merged Group Pro Forma Financial Information should be read in conjunction with the:

- assumptions underlying its preparation as set out in section 3.1 of this Tenth Supplementary Bidder's Statement;
- pro forma adjustments described in section 3.1 of this Tenth Supplementary Bidder's Statement, which have been made to reflect certain financial impacts of the Offer;
- accounting policies of AP Eagers and AHG as disclosed in their most recent financial reports; and
- risk factors set out in section 10 of the Original Bidder's Statement.

#### Basis of preparation

The Updated Merged Group Pro Forma Financial Information has been prepared under two scenarios:

- a scenario where AHG is wholly-owned by AP Eagers following the Offer (**100% Acquisition Scenario**) – presented in section 3.2 of this Tenth Supplementary Bidder's Statement; and
- a scenario where AP Eagers has a Relevant Interest in 75% of AHG Shares following the Offer (**75% Acquisition Scenario**) – presented in section 3.3 of this Tenth Supplementary Bidder's Statement.

The Updated Merged Group Pro Forma Financial Information does not represent what the Merged Group would look like on a consolidated basis, since it is not possible to produce this information from publicly available information. No adjustments for anticipated synergy benefits have been included as the exact timing of those benefits cannot be reliably estimated. However, the Updated Merged Group Pro Forma Financial Information does reflect the issue of new APE Shares to AHG Shareholders, and certain other adjustments that could be required as a result of the Offer (refer to section 3.1 of this Tenth Supplementary Bidder's Statement).

The Updated Merged Group Pro Forma Financial Information is for illustrative purposes only and is based on numerous assumptions that may or may not reflect the actual financial position of the Merged Group after completion of the Offer (refer to section 3.1 of this Tenth Supplementary Bidder's Statement).

The Updated Merged Group Pro Forma Financial Information is presented in a summary format and does not contain all of the disclosures required under the Corporations Act and Australian Accounting Standards. In addition, the presentation of the Updated Merged Group Pro Forma Financial Information has been aligned with the format presented by AP Eagers within the interim financial report for the half year ended 30 June 2019.

### **Source of information**

Financial information relating to AP Eagers has been sourced from its audited financial report for the full year ended 31 December 2018<sup>8</sup> and its reviewed financial reports for each of the half year ended 30 June 2018 and the half year ended 30 June 2019, extracted from the interim financial report for the half year ended 30 June 2019.<sup>9</sup>

The AP Eagers profit or loss and cash flows used for the Updated Merged Group Pro Forma Financial Information for the 12 month period ended 30 June 2019 have been calculated based on the information contained within the audited financial report for the full year ended 31 December 2018,<sup>9</sup> less the 30 June 2018 comparative information contained within AP Eagers' reviewed interim financial report for the period ended 30 June 2019, plus the 30 June 2019 information contained within the reviewed interim financial report for the period ended 30 June 2019.

Financial information relating to AHG has been sourced from its unaudited preliminary final report for the full year ended 30 June 2019, which was released to the ASX on 23 August 2019.

The financial information for AHG reflects the latest publicly available information that is capable of being compared. AP Eagers does not, except as required by law, make any representation or warranty, express or implied, as to the accuracy or completeness of this information.

### **3.1 PRO FORMA ADJUSTMENTS AND TRANSACTION ASSUMPTIONS**

The following assumptions have been made in producing the Updated Merged Group Pro Forma Financial Information:

- the Updated Merged Group Pro Forma Financial Information has been prepared using the reported statutory financial information for both AP Eagers and AHG for the period 1 July 2018 to 30 June 2019;
- the Updated Merged Group Pro Forma Financial Information is unaudited and amounts presented have been rounded;
- in determining the consideration for the acquisition of the AHG Shares under the Offer, either as a 100% or 75% subsidiary, depending on the relevant acquisition scenario, each APE Share to be issued under the Offer and recognised within contributed equity within the Updated Merged Group Pro Forma Financial Information is assumed to have an issue price of \$9.80 per APE Share (being the closing price of APE Shares on 30 June 2019). The actual fair value of APE Shares to be issued under the Offer may differ from the assumed issue price noted above and will be determined by the market price of APE Shares at the actual date of acquisition of AHG;
- the Updated Merged Group Pro Forma Financial Information does not include the anticipated synergies to be derived from the operation as a Merged Group (refer to in section 2.1 of the Original Bidder's Statement and section 1 of the Ninth Supplementary Bidder's Statement) or transaction costs associated with the Offer;

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<sup>8</sup> The audited financial report for the full year ended 31 December 2018 has been adjusted using management information to include the retrospective restatement for the impact of adopting AASB 16 Leases (AASB 16) for the first time on 1 January 2019.

<sup>9</sup> Released to the ASX on 29 August 2019.

- the accounting policies of AP Eagers and AHG are assumed to be similar and consistent in all material aspects for the purposes of the compilation of the Updated Merged Group Pro Forma Financial Information. However, the following differences in accounting policies have been identified based on available information:
  - AASB 116 Property, Plant and Equipment: AP Eagers carry land and buildings at fair value, AHG carry land and buildings at cost;
  - AASB 9 Financial Instruments: AP Eagers revalue certain financial assets at fair value through other comprehensive income, AHG revalue certain financial assets at fair value through profit or loss; and
  - AASB 16 Leases: AP Eagers have applied AASB 16, effective 1 January 2019, and restated comparative financial information to reflect the impact of the new standard. AP Eagers have elected to apply the full retrospective method to account for leases under AASB 16.

AHG have not early adopted the standard and therefore the standard is effective from 1 July 2019. Accordingly, AHG's preliminary financial report for the full year ended 30 June 2019 does not reflect the impact of AASB 16.

Refer to AHG's preliminary financial report and full year results for the 12 months ended 30 June 2019 for the provisionally assessed impact of AASB 16 as at 1 July 2019 under the full retrospective method.

For completeness, AP Eagers notes that the Merged Group will not apply the full retrospective method in relation to the AHG leases acquired as a result of the Offer.

The impact of the difference in accounting policies cannot be quantified based on available information for the purposes of presenting Updated Merged Group Pro Forma Financial Information;

- the Updated Merged Group Pro Forma Financial Information does not include any fair value adjustments to identifiable assets and liabilities of AHG acquired by AP Eagers as may be required under a 'Purchase Price Allocation process' in accordance with AASB 3 Business Combinations, nor any potential tax adjustments at the acquisition date that may be required to the deferred tax balances presented in accordance with AASB 112 Income Taxes as a consequence of the 'Allocable Cost Amount process' (only applicable for 100% Acquisition Scenario) and any resulting impact to goodwill. Furthermore, no assessment of the recoverability of goodwill has been performed as would be required under AASB 136 Impairment of Assets;
- no APE Performance Rights and APE Options or AHG Performance Rights have been assumed to have vested and been exercised for the purposes of the compilation of the Updated Merged Group Pro Forma Financial Information;
- the statutory reported statement of profit or loss for AHG for the period 1 July 2018 to 30 June 2019 has been adjusted to remove the impact of the following one-off and unusual items recognised during that period:

**Figure 1:** AHG unusual items – Continuing Operations

Unusual items	Amount (\$'000)
Impairment of non-current assets	205,486
Integration, acquisition and divestment activities	(3,180)
<b>Total unusual items before income tax</b>	<b>202,306</b>
Income tax benefits arising from unusual items	(17,886)

Unusual items	Amount (\$'000)
<b>Total unusual items after income tax</b>	<b>184,420</b>

**Figure 2:** AHG unusual items – Discontinued Operations

Unusual items	Amount (\$'000)
Impairment of non-current assets	103,696
Integration, acquisition and divestment activities	813
<b>Total unusual items before income tax</b>	<b>104,509</b>
Income tax benefits arising from unusual items	(7,670)
<b>Total unusual items after income tax</b>	<b>96,839</b>

- the unusual items reported in Figure 1 and Figure 2 above have been calculated based on the AHG unaudited preliminary final report for the full year ended 30 June 2019;
- no adjustments have been made to the pro forma unaudited statement of financial position or the pro forma unaudited statement of cash flows in relation to the unusual items identified in the tables at Figure 1 and Figure 2; and
- no adjustments have been made for any unusual items contained within AP Eagers reported financial information for the period ended 30 June 2019 on the basis that there are no significant items.

### 3.2 100% ACQUISITION SCENARIO

#### Updated pro forma unaudited statement of profit or loss

The table at Figure 3 below sets out the Merged Group pro forma unaudited statement of profit or loss for the 12 months ended 30 June 2019 which has been prepared to illustrate the impact of:

- the acquisition of all AHG Shares by AP Eagers under the Offer as if the acquisition had occurred on 1 July 2018;
- elimination of AHG dividend income received by AP Eagers during 12 months ended 30 June 2019; and
- elimination of the share of AHG's profit recognised by AP Eagers under the equity accounting method during the 12 months ended 30 June 2019.

The reclassification of AP Eagers' existing investment in AHG from an equity accounted investment to an investment in a subsidiary requires the equity accounted investment to be remeasured to fair value on the date that control is achieved (assumed to be 30 June 2019). For the purposes of the pro forma unaudited statement of profit or loss, the fair value has been determined based on a price of \$2.72 per AHG Share (being the closing price for APE Shares of \$9.80 per share on 30 June 2019, divided by the Offer Consideration of 1 APE Share for every 3.6 AHG Shares).

The difference between the carrying value of the equity accounted investment at 30 June 2019 and its fair value on the date that control is achieved would ordinarily be recognised within the statement of profit or loss. For the purposes of the Merged Group pro forma unaudited statement of profit or loss, this revaluation gain has been treated as an unusual item and is therefore not reflected in the figures below.

**Figure 3:** Merged Group pro forma unaudited statement of profit or loss for the year ended 30 June 2019

Pro forma unaudited statement of profit or loss 100% Acquisition Scenario	Year ended 30 June 2019			
	AP Eagers	AHG	Adjustments	Merged Group pro forma
	\$'000			
Revenue	4,074,321	5,915,245	(6,012)	9,983,554
Other Gains	8,860	4,295	-	13,155
Share of net profits of associate	4,860	439	(4,847)	452
Raw materials and consumables purchased	(3,372,832)	(4,796,819)	-	(8,169,651)
Employee benefits expense	(328,889)	(591,725)	-	(920,614)
Finance costs	(42,942)	(47,593)	-	(90,535)
Depreciation and amortisation expense	(46,069)	(37,021)	-	(83,090)
Other expenses	(177,266)	(563,382)	202,306	(538,342)
<b>Profit / (Loss) before tax</b>	<b>120,043</b>	<b>(116,561)</b>	<b>191,447</b>	<b>194,929</b>
Income tax expense	(32,955)	(4,937)	(17,886)	(55,778)
<b>Profit from continuing operations</b>	<b>87,088</b>	<b>(121,498)</b>	<b>173,561</b>	<b>139,151</b>
Profit / (Loss) from discontinued operations after tax	-	(106,942)	96,839	(10,103)
<b>Profit / (Loss) for the year</b>	<b>87,088</b>	<b>(228,440)</b>	<b>270,400</b>	<b>129,048</b>
<b>Profit / (Loss) attributable to:</b>				
Owners of AP Eagers Ltd	85,469	(232,639)	270,047	122,877
Non-controlling interests	1,619	4,199	353	6,171
	<b>87,088</b>	<b>(228,440)</b>	<b>270,400</b>	<b>129,048</b>

### Updated pro forma unaudited statement of financial position

The table at Figure 4 below sets out the Merged Group pro forma unaudited statement of financial position as at 30 June 2019 which has been prepared to illustrate the impact of:

- the acquisition of all AHG Shares not currently owned by AP Eagers under the Offer as if the acquisition had occurred on 30 June 2019;
- the acquisition of AHG Shares by AP Eagers under the Offer based on a price for AHG Shares of \$2.72 per AHG Share (being the closing price for APE Shares of \$9.80 on 30 June 2019, divided by the Offer Consideration of 1 APE Share for every 3.6 AHG Shares) and the associated issue of APE Shares as consideration based on a price for APE Shares of \$9.80 per share (being the closing price for APE Shares on 30 June 2019);
- recognition of the required accounting entries to:
  - remeasure the equity accounted investment in AHG to fair value on the date that control is achieved (assumed to be 30 June 2019). For the purposes of the pro forma unaudited statement of financial position, the fair value has been determined based on a price of \$2.72 per AHG Share (being the closing price for APE Shares of \$9.80 per share on 30 June 2019, divided by the Offer Consideration of 1 APE Share for every 3.6 AHG Shares). The difference between the carrying value of the equity accounted investment at 30 June 2019 and its fair value on the date that control is achieved (assumed to be 30 June 2019) has been reflected within retained earnings; and
  - eliminate AP Eagers investment in AHG upon consolidation of the Merged Group and to recognise the goodwill as a result of the transaction (the value of goodwill



may subsequently change as a result of the 'Purchase Price Allocation process' outlined below); and

- the Updated Merged Group Pro Forma Financial Information does not include any fair value adjustments to identifiable assets and liabilities of AHG acquired by AP Eagers as may be required under a 'Purchase Price Allocation process' in accordance with AASB 3 Business Combinations, nor any potential tax adjustments at the acquisition date that may be required to the deferred tax balances presented in accordance with AASB 112 Income Taxes as a consequence of the 'Allocable Cost Amount process' (only applicable for 100% Acquisition Scenario) and any resulting impact to goodwill. Furthermore no assessment of the recoverability of Goodwill has been performed as would be required under AASB 136 Impairment of Assets.

**Figure 4:** Merged Group pro forma unaudited statement of financial position as at 30 June 2019

Pro forma unaudited statement of financial position 100% Acquisition Scenario	As at 30 June 2019			
	AP Eagers	AHG	Adjustments	Merged Group pro forma
	\$'000			
<b>Current assets</b>				
Cash and cash equivalents	35,823	80,637	-	116,460
Trade and other receivables	198,059	270,725	-	468,784
Inventories	712,148	1,004,650	-	1,716,798
Prepayments and deposits	12,344	12,657	-	25,001
Assets held for sale	34,339	427,858	-	462,197
<b>Total current assets</b>	<b>992,713</b>	<b>1,796,527</b>	<b>-</b>	<b>2,789,240</b>
<b>Non-current assets</b>				
Other loans receivable	6,703	24,080	-	30,783
Financial assets at fair value through other comprehensive income	588	1,264	-	1,852
Financial assets at fair value through profit or loss	-	7,228	-	7,228
Investments in associates	244,758	-	(234,365)	10,393
Property, plant and equipment	339,821	219,118	-	558,939
Intangible assets	319,638	311,791	370,017	1,001,446
Right of use asset	215,927	-	-	215,927
Deferred tax assets	39,075	66,425	-	105,500
<b>Total non-current assets</b>	<b>1,166,510</b>	<b>629,906</b>	<b>135,652</b>	<b>1,932,068</b>
<b>Total assets</b>	<b>2,159,223</b>	<b>2,426,433</b>	<b>135,652</b>	<b>4,721,308</b>
<b>Current liabilities</b>				
Trade and other payables	172,809	294,027	-	466,836
Derivative financial instruments	11	-	-	11
Borrowings - bailment and other current loans	662,101	958,462	-	1,620,563
Current tax liabilities	29,028	2,295	-	31,323
Provisions	50,634	91,292	-	141,926
Lease liabilities	48,006	-	-	48,006
Other current liabilities	25,941	-	-	25,941
Liabilities directly associated with assets classified as held for sale	-	298,818	-	298,818
<b>Total current liabilities</b>	<b>988,530</b>	<b>1,644,894</b>	<b>-</b>	<b>2,633,424</b>
<b>Non-current liabilities</b>				
Borrowings	244,043	215,061	-	459,104
Derivative financial instruments	-	-	-	-
Deferred tax liabilities	-	3,882	-	3,882
Provisions	4,846	55,829	-	60,675
Lease liabilities	222,408	-	-	222,408
Other	-	-	-	-
<b>Total non-current liabilities</b>	<b>471,297</b>	<b>274,772</b>	<b>-</b>	<b>746,069</b>

Pro forma unaudited statement of financial position 100% Acquisition Scenario	As at 30 June 2019			
	AP Eagers	AHG	Adjustments	Merged Group pro forma
	\$'000			
<b>Total liabilities</b>	<b>1,459,827</b>	<b>1,919,666</b>	-	<b>3,379,493</b>
<b>Net assets</b>	<b>699,396</b>	<b>506,767</b>	<b>135,652</b>	<b>1,341,815</b>
<b>Equity</b>				
Contributed equity	371,405	653,134	(10,715)	1,013,824
Retained Earnings and Reserves	320,645	(165,484)	146,367	301,528
<b>Total equity (attributable to owners of AP Eagers Ltd)</b>	<b>692,050</b>	<b>487,650</b>	<b>135,652</b>	<b>1,315,352</b>
Non-controlling interests	7,346	19,117	-	26,463
<b>Total equity</b>	<b>699,396</b>	<b>506,767</b>	<b>135,652</b>	<b>1,341,815</b>

### Updated pro forma unaudited statement of cash flows

The table at Figure 5 sets out the Merged Group pro forma unaudited statement of cash flows for the 12 months ended 30 June 2019 which has been prepared to illustrate the impact of the following:

- the acquisition of all AHG Shares by AP Eagers under the Offer as if the acquisition had occurred on 1 July 2018; and
- elimination of AHG dividend income received by AP Eagers during the 12 months ended 30 June 2019.

**Figure 5:** Merged Group pro forma unaudited statement of cash flows for the year ended 30 June 2019

Pro forma unaudited statement of cash flows 100% Acquisition Scenario	Year ended 30 June 2019			
	AP Eagers	AHG	Adjustments	Merged Group pro forma
	\$'000			
<b>Cash flows from operating activities</b>				
Receipts from customers (inclusive of GST)	4,446,146	7,131,718	-	11,577,864
Payments to suppliers and employees (inclusive of GST)	(4,258,704)	(6,952,276)	-	(11,210,980)
Receipts from insurance claims	10,113	-	-	10,113
Interest and other costs of finance paid	(42,633)	(52,422)	-	(95,055)
Income taxes paid	(32,124)	(21,061)	-	(53,185)
Dividends received	6,012	-	(6,012)	(0)
Interest received	228	2,363	-	2,591
<b>Net cash provided by operating activities</b>	<b>129,038</b>	<b>108,322</b>	<b>(6,012)</b>	<b>231,348</b>
<b>Cash flows from investing activities</b>				
Payment for acquisition of businesses - net of cash acquired	(11,799)	(1,073)	-	(12,872)
Payments of step acquisition of controlled entity	-	(166)	-	(166)
Payments for property, plant and equipment	(56,401)	(41,211)	-	(97,612)
Payments from intangible assets	-	-	-	-
Proceeds from sale of businesses	2,319	22,963	-	25,282
Proceeds from sale of property, plant and equipment	61,940	-	-	61,940
Proceeds from return of capital	-	194	-	194
Dividends and distributions received	760	-	-	760
Payments for shares in other corporations	(20,676)	-	-	(20,676)
<b>Net cash used in investing activities</b>	<b>(23,857)</b>	<b>(19,293)</b>	-	<b>(43,150)</b>

Pro forma unaudited statement of cash flows 100% Acquisition Scenario	Year ended 30 June 2019			Merged Group pro forma
	AP Eagers	AHG	Adjustments	
			\$'000	
<b>Cash flows from financing activities</b>				
Proceeds from issue of shares and other equity securities	3,340	-	-	3,340
Payments for shares acquired by the trust	(8,391)	-	-	(8,391)
Proceeds from borrowings	64,000	-	-	64,000
Repayment of borrowings	(100,477)	(39,828)	-	(140,305)
Transactions with non-controlling interests	(69,829)	(22,550)	6,012	(86,367)
Dividends paid to members of AP Eagers Ltd	735	-	-	735
Dividends paid to minority shareholders of a subsidiary	(287)	(5,194)	-	(5,481)
<b>Net cash used in financing activities</b>	<b>(110,909)</b>	<b>(67,572)</b>	<b>6,012</b>	<b>(172,469)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(5,728)</b>	<b>21,457</b>	<b>-</b>	<b>15,729</b>
Cash and cash equivalents at the beginning of the financial year	41,552	73,046	-	114,598
<b>Cash and cash equivalents at the end of the financial year</b>	<b>35,824</b>	<b>94,503</b>	<b>-</b>	<b>130,327</b>

### 3.3 75% ACQUISITION SCENARIO

#### Updated pro forma unaudited statement of profit or loss

The table at Figure 6 sets out the Merged Group pro forma unaudited statement of profit or loss for the 12 months ended 30 June 2019 which has been prepared to illustrate the impact of the adjustments identified within the 100% Acquisition Scenario, with the exception that:

- 75% of the AHG Shares are acquired by AP Eagers under the Offer as if the acquisition had occurred on 1 July 2018; and
- recognition of the relevant non-controlling interest representing the portion of AHG's profit or loss for the period not attributable to the owners of the Merged Group.

**Figure 6:** Merged Group pro forma unaudited statement of profit or loss for the year ended 30 June 2019

Pro forma unaudited statement of profit or loss 75% Acquisition Scenario	Year ended 30 June 2019			Merged Group pro forma
	AP Eagers	AHG	Adjustments	
			\$'000	
Revenue	4,074,321	5,915,245	(6,012)	9,983,554
Other Gains	8,860	4,295	-	13,155
Share of net profits of associate	4,860	439	(4,847)	452
Raw materials and consumables purchased	(3,372,832)	(4,796,819)	-	(8,169,651)
Employee benefits expense	(328,889)	(591,725)	-	(920,614)
Finance costs	(42,942)	(47,593)	-	(90,535)
Depreciation and amortisation expense	(46,069)	(37,021)	-	(83,090)
Other expenses	(177,266)	(563,382)	202,306	(538,342)
<b>Profit / (Loss) before tax</b>	<b>120,043</b>	<b>(116,561)</b>	<b>191,447</b>	<b>194,929</b>
Income tax expense	(32,955)	(4,937)	(17,886)	(55,778)
<b>Profit from continuing operations</b>	<b>87,088</b>	<b>(121,498)</b>	<b>173,561</b>	<b>139,151</b>
Profit / (Loss) from discontinued operations after tax	-	(106,942)	96,839	(10,103)
<b>Profit / (Loss) for the year</b>	<b>87,088</b>	<b>(228,440)</b>	<b>270,400</b>	<b>129,048</b>

Pro forma unaudited statement of profit or loss 75% Acquisition Scenario	Year ended 30 June 2019			
	AP Eagers	AHG	Adjustments	Merged Group pro forma
	\$'000			
<b>Profit / (Loss) attributable to:</b>				
Owners of AP Eagers Ltd	85,469	(232,639)	257,981	110,811
Non-controlling interests	1,619	4,199	12,420	18,238
	<b>87,088</b>	<b>(228,440)</b>	<b>270,400</b>	<b>129,048</b>

### Updated pro forma unaudited statement of financial position

The table at Figure 7 sets out the Merged Group pro forma unaudited statement of financial position as at 30 June 2019 which has been prepared to illustrate the same pro forma transactions identified within the 100% Acquisition Scenario, with the exception that:

- the acquisition of AHG Shares not already owned by AP Eagers under the Offer, which results in AP Eagers holding a Relevant Interest in 75% of the AHG Shares, as if the acquisition had occurred on 30 June 2019; and
- recognition of the relevant non-controlling interest representing the portion of AHG's net assets as at 30 June 2019 not attributable to the owners of the Merged Group (determined on a percentage of net assets basis).

**Figure 7:** Merged Group pro forma unaudited statement of financial position as at 30 June 2019

Pro forma unaudited statement of financial position 75% Acquisition Scenario	As at 30 June 2019			
	AP Eagers	AHG	Adjustments	Merged Group pro forma
	\$'000			
<b>Current assets</b>				
Cash and cash equivalents	35,823	80,637	-	116,460
Trade and other receivables	198,059	270,725	-	468,784
Inventories	712,148	1,004,650	-	1,716,798
Prepayments and deposits	12,344	12,657	-	25,001
Assets held for sale	34,339	427,858	-	462,197
<b>Total current assets</b>	<b>992,713</b>	<b>1,796,527</b>	<b>-</b>	<b>2,789,240</b>
<b>Non-current assets</b>				
Other loans receivable	6,703	24,080	-	30,783
Financial assets at fair value through other comprehensive income	588	1,264	-	1,852
Financial assets at fair value through profit or loss	-	7,228	-	7,228
Investments in associates	244,758	-	(234,365)	10,393
Property, plant and equipment	339,821	219,118	-	558,939
Intangible assets	319,638	311,791	193,073	824,502
Right of use asset	215,927	-	-	215,927
Deferred tax assets	39,075	66,425	-	105,500
<b>Total non-current assets</b>	<b>1,166,510</b>	<b>629,906</b>	<b>(41,292)</b>	<b>1,755,124</b>
<b>Total assets</b>	<b>2,159,223</b>	<b>2,426,433</b>	<b>(41,292)</b>	<b>4,544,364</b>
<b>Current liabilities</b>				
Trade and other payables	172,809	294,027	-	466,836
Derivative financial instruments	11	-	-	11
Borrowings - bailment and other current loans	662,101	958,462	-	1,620,563
Current tax liabilities	29,028	2,295	-	31,323
Provisions	50,634	91,292	-	141,926
Lease liabilities	48,006	-	-	48,006
Other current liabilities	25,941	-	-	25,941
Liabilities directly associated with assets classified as held for sale	-	298,818	-	298,818
<b>Total current liabilities</b>	<b>988,530</b>	<b>1,644,894</b>	<b>-</b>	<b>2,633,424</b>

Pro forma unaudited statement of financial position 75% Acquisition Scenario	As at 30 June 2019			
	AP Eagers	AHG	Adjustments	Merged Group pro forma
	\$'000			
<b>Non-current liabilities</b>				
Borrowings	244,043	215,061	-	459,104
Derivative financial instruments	-	-	-	-
Deferred tax liabilities	-	3,882	-	3,882
Provisions	4,846	55,829	-	60,675
Lease liabilities	222,408	-	-	222,408
Other	-	-	-	-
<b>Total non-current liabilities</b>	<b>471,297</b>	<b>274,772</b>	<b>-</b>	<b>746,069</b>
<b>Total liabilities</b>	<b>1,459,827</b>	<b>1,919,666</b>	<b>-</b>	<b>3,379,493</b>
<b>Net assets</b>	<b>699,396</b>	<b>506,767</b>	<b>(41,292)</b>	<b>1,164,871</b>
<b>Equity</b>				
Contributed equity	371,405	653,134	(236,403)	788,136
Retained earnings and Reserves	320,645	(165,484)	146,367	301,528
<b>Total equity (attributable to owners of AP Eagers Ltd)</b>	<b>692,050</b>	<b>487,650</b>	<b>(90,036)</b>	<b>1,089,664</b>
Non-controlling interests	7,346	19,117	48,744	75,207
<b>Total equity</b>	<b>699,396</b>	<b>506,767</b>	<b>(41,292)</b>	<b>1,164,871</b>

### Updated pro forma unaudited statement of cash flows

The table at Figure 8 sets out the Merged Group pro forma unaudited statement of cash flows for the 12 months ended 30 June 2019 which has been prepared to illustrate the same pro forma transactions identified within the 100% Acquisition Scenario (see section 3.2).

**Figure 8:** Merged Group pro forma unaudited statement of cash flows for the year ended 30 June 2019

Pro forma unaudited statement of cash flows 75% Acquisition Scenario	Year ended 30 June 2019			
	AP Eagers	AHG	Adjustments	Merged Group pro forma
	\$'000			
<b>Cash flows from operating activities</b>				
Receipts from customers (inclusive of GST)	4,446,146	7,131,718	-	11,577,864
Payments to suppliers and employees (inclusive of GST)	(4,258,704)	(6,952,276)	-	(11,210,980)
Receipts from insurance claims	10,113	-	-	10,113
Interest and other costs of finance paid	(42,633)	(52,422)	-	(95,055)
Income taxes paid	(32,124)	(21,061)	-	(53,185)
Dividends received	6,012	-	(6,012)	(0)
Interest received	228	2,363	-	2,591
<b>Net cash provided by operating activities</b>	<b>129,038</b>	<b>108,322</b>	<b>(6,012)</b>	<b>231,348</b>
<b>Cash flows from investing activities</b>				
Payment for acquisition of businesses - net of cash acquired	(11,799)	(1,073)	-	(12,872)
Payments of step acquisition of controlled entity	-	(166)	-	(166)
Payments for property, plant and equipment	(56,401)	(41,211)	-	(97,612)
Payments from intangible assets	-	-	-	-
Proceeds from sale of businesses	2,319	22,963	-	25,282
Proceeds from sale of property, plant and equipment	61,940	-	-	61,940
Proceeds from return of capital	-	194	-	194
Dividends and distributions received	760	-	-	760
Payments for shares in other corporations	(20,676)	-	-	(20,676)
<b>Net cash used in investing activities</b>	<b>(23,857)</b>	<b>(19,293)</b>	<b>-</b>	<b>(43,150)</b>

Pro forma unaudited statement of cash flows 75% Acquisition Scenario	Year ended 30 June 2019			
	AP Eagers	AHG	Adjustments	Merged Group pro forma
			\$'000	
<b>Cash flows from financing activities</b>				
Proceeds from issue of shares and other equity securities	3,340	-	-	3,340
Payments for shares acquired by the trust	(8,391)	-	-	(8,391)
Proceeds from borrowings	64,000	-	-	64,000
Repayment of borrowings	(100,477)	(39,828)	-	(140,305)
Transactions with non-controlling interests	(69,829)	(22,550)	6,012	(86,367)
Dividends paid to members of AP Eagers Ltd	735	-	-	735
Dividends paid to minority shareholders of a subsidiary	(287)	(5,194)	-	(5,481)
<b>Net cash used in financing activities</b>	<b>(110,909)</b>	<b>(67,572)</b>	<b>6,012</b>	<b>(172,469)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(5,728)</b>	<b>21,457</b>	-	<b>15,729</b>
Cash and cash equivalents at the beginning of the financial year	41,552	73,046	-	114,598
<b>Cash and cash equivalents at the end of the financial year</b>	<b>35,824</b>	<b>94,503</b>	-	<b>130,327</b>

### 3.4 PRO FORMA EARNING PER SHARE

The table at Figure 9 sets out the Merged Group pro forma unaudited earnings per share for the 12 month period ended 30 June 2019 for the two Acquisition Scenarios under which the Updated Merged Group Pro Forma Financial Information has been presented in sections 3.2 and 3.3 of this Tenth Supplementary Bidder's Statement.

**Figure 9:** Merged Group pro forma unaudited EPS (basic) for the year ended 30 June 2019

	Acquisition Scenario	
	100%	75%
APE Shares on issue at 30 June 2019	191,309,301	191,309,301
New APE Shares to be issued to AHG Shareholders under the Offer	65,552,960	42,523,584
Total APE Shares on issue following completion of the Offer	256,862,261	233,832,885
Profit attributable to owners of Merged Group (\$'000)	122,877	110,811
Earnings per share (cents per share)	47.8	47.4

The pro forma earnings per share has been calculated based on the updated Merged Group pro forma unaudited statement of profit or loss for the 12 months ended 30 June 2019, as outlined in sections 3.2 and 3.3 of this Tenth Supplementary Bidder's Statement, and the issue of the new APE Shares for each respective scenario (as outlined in Figure 9 above) had occurred on 1 July 2018.

The historical financial performance of AP Eagers or AHG is no assurance or indicator of future financial performance of the Merged Group.

## 4 Further information

AHG Shareholders who have any questions in relation to the Offer should contact their legal, financial or other professional adviser or call the AP Eagers Offer information line on 1300 560 339 (or +61 2 8011 0354 for overseas domiciled holders) between 9.00am and 5.00pm (Sydney time) Monday to Friday.

## **5 Approval of Tenth Supplementary Bidder's Statement**

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This Tenth Supplementary Bidder's Statement has been approved by a unanimous resolution passed by the Directors of AP Eagers.

Dated 6 September 2019

Signed for and on behalf of

**A.P. Eagers Limited**

by



**Tim Crommelin**

Chairman