



1H20 RESULTS

Martin Ward | Chief Executive Officer

Sophie Moore | Chief Financial Officer

FINANCIAL HIGHLIGHTS

Profitable results in an unprecedented market through disciplined focus on COVID-19 response & strategic imperatives

Decisive Action

COVID-19 Response:

- Accelerated restructuring
- Significant expense reduction
- Strengthened liquidity
- Business continuity

\$40.3m

Underlying Operating Profit Before Tax from continuing operations¹

Statutory Profit After Tax \$11.8m

\$7.6m

Corporate debt net of cash at 30 June 2020

Available liquidity \$633.9m at 30 June 2020

\$4.2bn

Revenue from continuing operations

First full six-month period of consolidated revenue post AHG merger

\$40.4m

Non-cash impairment of assets from continuing operations

Property & restructuring activities associated with Holden exit & property revaluations

\$473.1m

Net operating cash flows

(1) Underlying operating results refers to continuing operations, adjusted for significant items and including removal of Kloster Motor Group's (KMG) contribution from comparative financial information, outlined and reconciled to statutory results on slides 10 (HY20) and 31 (comparative financial information) of this Investor Presentation. Underlying operating figures are non-financial measures and have not been subject to audit by the company's external auditors.

STRATEGIC HIGHLIGHTS

Strategic priorities accelerated despite market conditions and COVID-19 business disruption

Next100 progress

Leveraging current market conditions to accelerate Next100 Strategy

Strong momentum with fixed price pre-owned car model

Cost out

Significant permanent annualised cost reductions of \$78m achieved during the initial response to COVID-19

Ongoing optimisation program

Synergies

Exceeded \$30m synergy target

Focus shifts to delivering on strategy to drive further operational efficiencies

Divestments

Continued rationalisation of dealership portfolio via non-core divestments

Completed sale of Refrigerated Logistics business¹



1 – Completed on 29 June 2020

AGENDA

1. OPERATIONAL PERFORMANCE
2. FINANCIAL RESULTS
3. COVID-19
4. STRATEGIC PRIORITIES
5. Q&A



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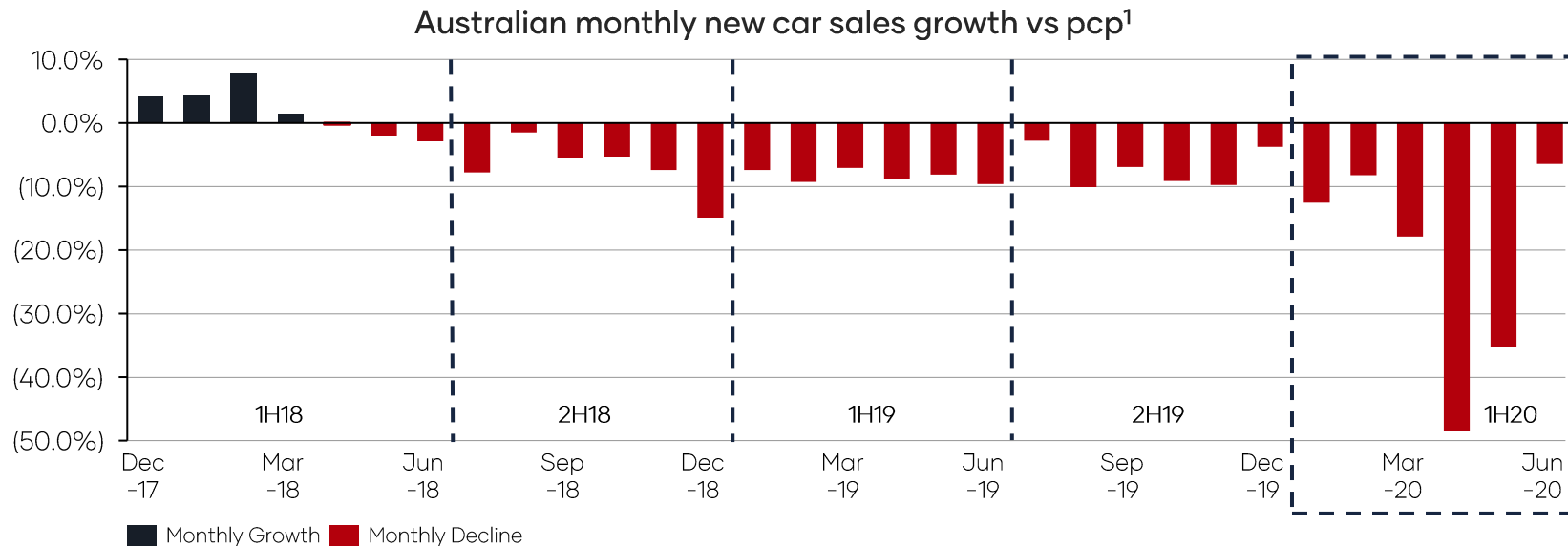
**OPERATIONAL
PERFORMANCE**



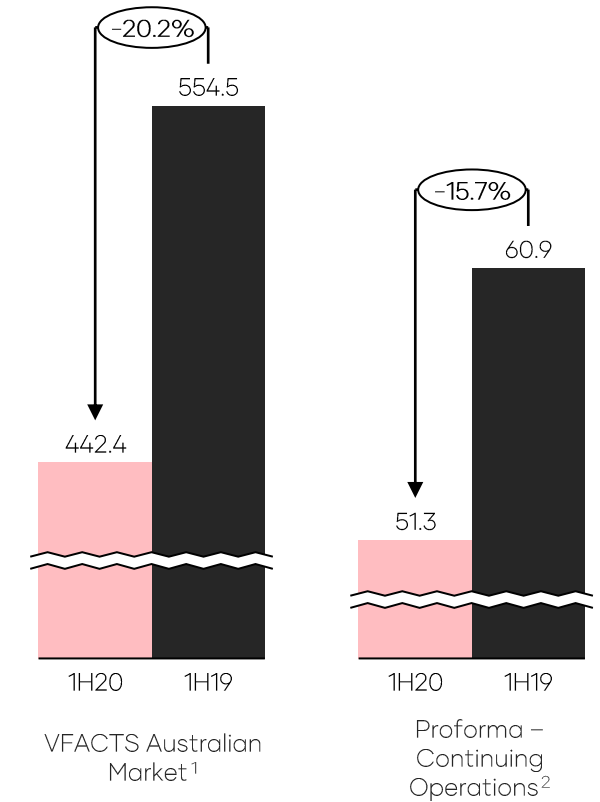
MARKET CONTEXT & PERFORMANCE

Eagers Automotive has a track record of outperformance through challenging external conditions

- COVID-19 driving unprecedented fluctuations in market conditions
- Outperformance against national new car market and increase in market share
- Market conditions are the catalyst for changing network costs



New Car Sales – Market vs Eagers Automotive

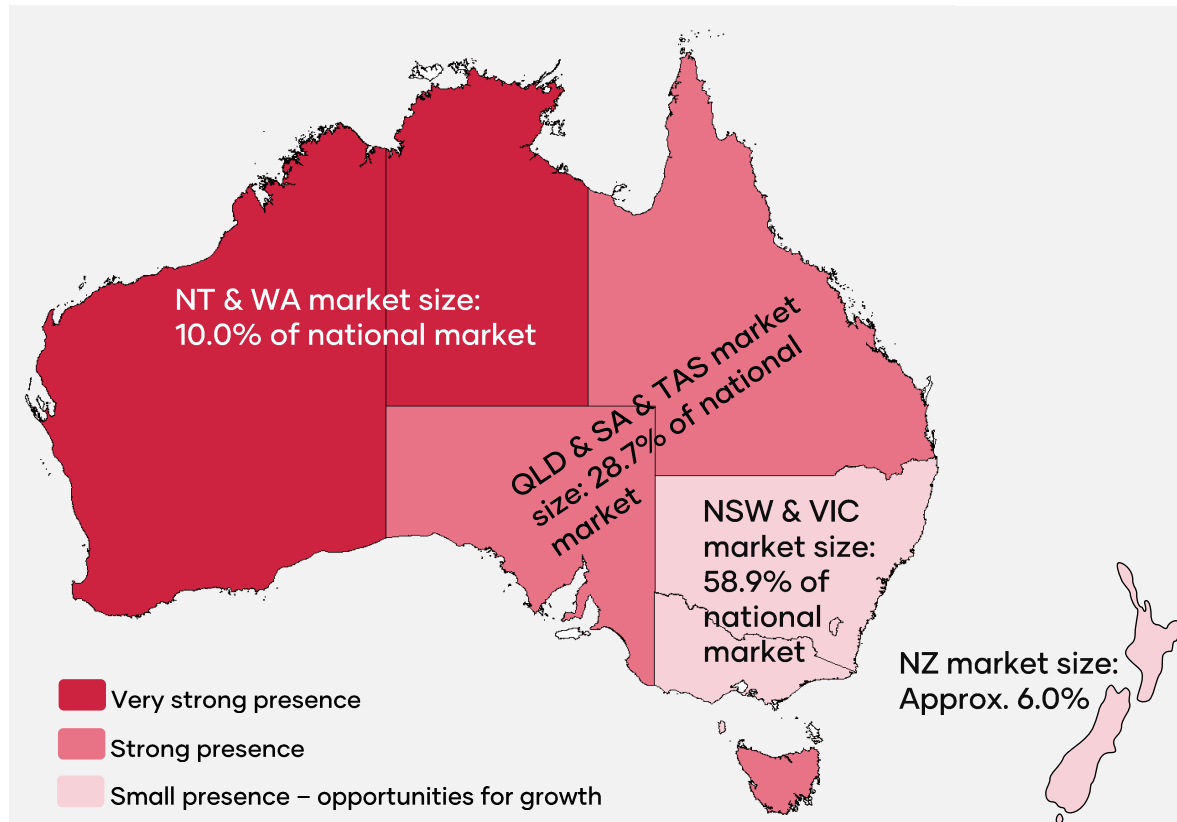


¹ Source: VFACTS (as at 30 June 2020)

² Proforma – Continuing Operations represents new vehicle sales for EA and AHG for the 6 month period ended 30 June and excludes divested operations.

NEW VEHICLE MARKETS & GROWTH

Consolidating and strengthening our scale & geographic diversity to sustain leading market position



Source: VFACTS (as at 30 June 2020)

Market Share

State	Market Share
QLD	14.6%
WA	23.7%
SA	17.0%
TAS	18.5%
NT	30.8%
NSW	10.2%
VIC	5.7%
ACT	-
NZ	~6.0%

Market Opportunity

- Strong market positions across national footprint with significant growth potential in largest markets
- Strategic presence in New Zealand with approximately 6.0% market share



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FINANCIAL RESULTS



SUMMARY P&L

\$ MILLION	1H20	1H19 ²	CHANGE (%)	
Revenue from continuing operations ¹	4,155.0	1,845.7	125.1%	Underlying
Underlying operating EBITDA from continuing operations ¹	78.6	72.4	8.5%	
Underlying operating PBT from continuing operations ¹	40.3	52.9	(23.7%)	
Specific items reported below underlying profit ¹	21.0	5.8	263.0%	
Statutory profit before tax from continuing operations	61.4	58.7	4.6%	Statutory
Statutory profit after tax from continuing operations	41.5	42.4	(2.0%)	
Statutory profit after tax for the half-year	11.8	42.4	(72.1%)	

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(2) 1H19 revenue from continuing operations and underlying operating EBITDA & PBT from continuing operations adjusted for the removal of the Kloster Motor Group contribution for the period ended 30 June 2019. Eagers Automotive Limited divested of Kloster Motor Group in H2 2019.

STAT TO UNDERLYING EBITDA & PBT – 1H20

\$ MILLION	EBITDA	Depn & Amort	Interest Expense	PBT	Tax Expense	NPAT
Underlying Continuing Operating ¹	78.6	(19.0)	(19.2)	40.3	(11.1)	29.3
Impairment	(34.0)			(34.0)	10.2	(23.8)
Govt Wage Subsidy Income COVID-19	66.0			66.0	(19.8)	46.2
AASB16 Lease Standard	81.0	(64.1)	(24.4)	(7.5)	2.3	(5.2)
Revaluation of Properties	(6.4)			(6.4)	-	(6.4)
Rent Waivers COVID-19	6.0			6.0	(1.8)	4.2
Business Acquisition & Integration Costs	(1.9)			(1.9)	-	(1.9)
Employee Underpayments	(1.3)			(1.3)	0.4	(0.9)
Total significant items	109.5	(64.1)	(24.4)	21.0	(8.8)	12.3
Statutory Continuing	188.1	(83.2)	(43.6)	61.4	(19.9)	41.5

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SEGMENT RESULTS

Continuing operations

Car retailing

COVID-19 impacted trading performance across all regions in April and May. Rebounding to strong performance in June alongside easing of government restrictions. National Pre-Owned strategy on track.

Truck retailing

Recorded stronger result on pcp despite COVID-19 impact on trading performance

Property

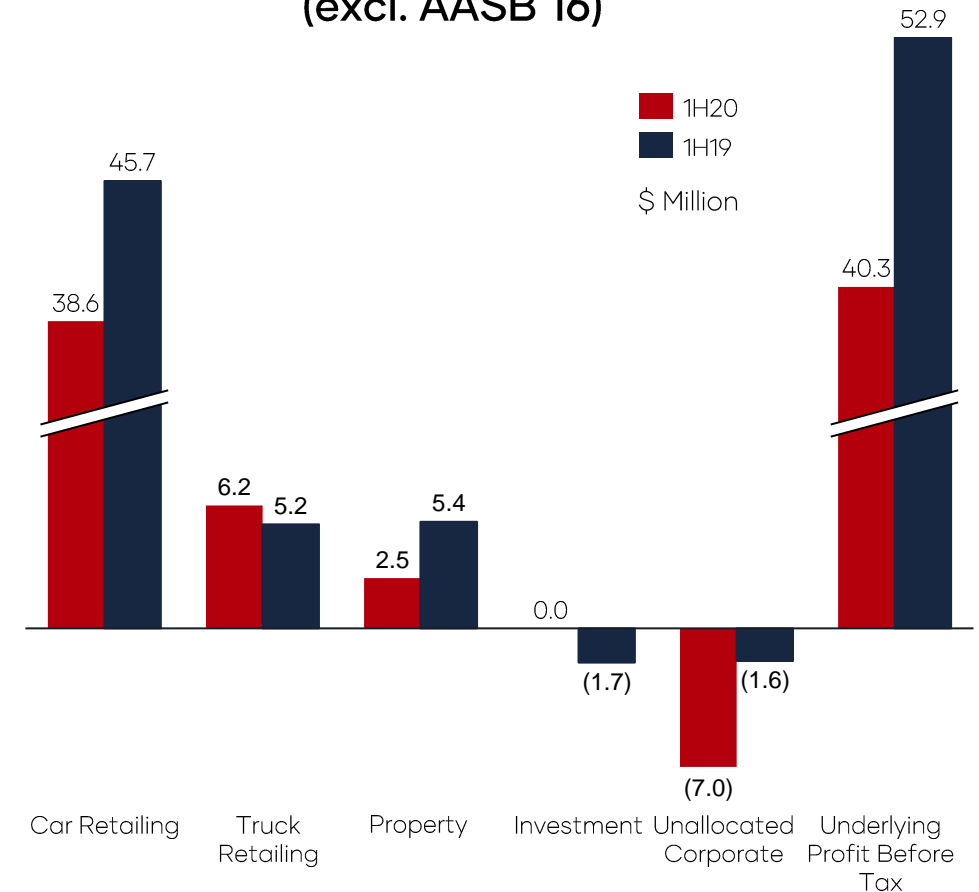
Decline in underlying profit due to sale of properties in 2019 and loss of internal rent

Unallocated Corporate

Unrecovered costs up due to absorption of AHG corporate function

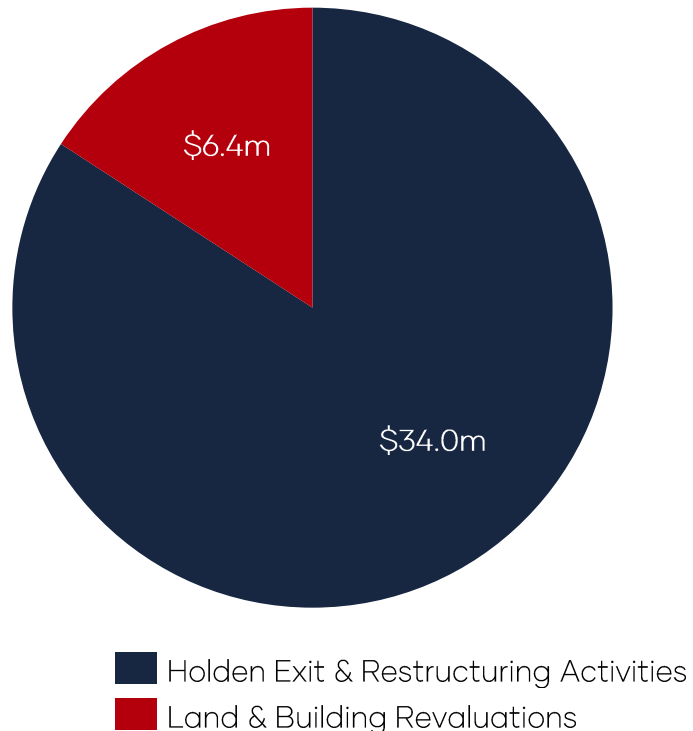
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Underlying Operating Contribution¹ (excl. AASB 16)



NON-CASH ASSET FAIR VALUE ADJUSTMENTS

Holden exit, restructuring initiatives and property revaluations



APE recorded impairment charges of \$40.4 million in 1H20 relating to:

- **Impairment: Holden exit & restructuring activities \$34.0 million** – impairment of leased asset for Holden properties with no current plans to repurpose, Holden specific fixed assets & leasehold improvements / CI
- **Fair Value Adjustments: Property revaluations \$6.4 million** – 11 properties were independently valued with three impaired, predominantly South Australian properties



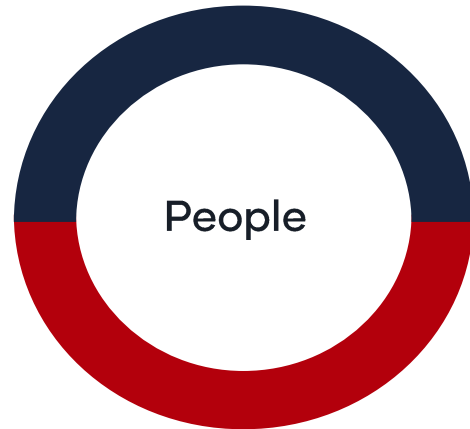
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COVID-19 RESPONSE



RESPONDING TO COVID-19

Proactive and pre-emptive response



- Dealerships remained operational where possible under government restrictions
- Operating in accordance with Government and health authority advice on social distancing
- Access to Federal Government's JobKeeper secured, with benefits passed on to support workforce



- Focused on preserving cash
- Right-sizing operations to reflect dealership activity
- Further strengthening of balance sheet



- Deferral or waiver of rental obligations agreed with majority of landlords
- OEM finance partners providing additional working capital facilities
- Federal & State Government stimulus and support initiatives

COST BASE

Enhanced customer experience on a lower cost base

People

- Pre-emptive action as COVID-19 pandemic escalated
- Reduction of ~1,295 by June 2020 (vs Jan-20), saving an annualised \$72m

Property

- Leveraged current market conditions to accelerate property strategy
- Focus on rebalancing property portfolio following merger with AHG
- Early exit of 13 sites as part of restructuring activities

Inventory & Marketing

- Lowered stock levels and associated bailment, reduced holding costs
- Reduced controllable spend, accelerated development of EA123 website

PROACTIVE CAPITAL MANAGEMENT

Optimised liquidity in response to COVID-19

- Strong financial position with significant liquidity including available cash (~\$292.5m), undrawn term and capital debt facilities (\$241.0m) and undrawn captive financier working capital facilities (\$100.0m) at June 30
- Cash driven by strong operating cashflows plus the benefit of reduced cost base, lower inventory levels and deferred payments
- Additional short-term working capital facilities from captive financiers
- Significant liquidity buffer to withstand any long-term impacts of COVID-19 and flexibility to pursue restructuring and growth opportunities in accelerating Next 100 strategy

Dec-19 to Jun-20 improvement in available liquidity driven by strong operating cash flows, additional OEM working capital facilities and deferred payments





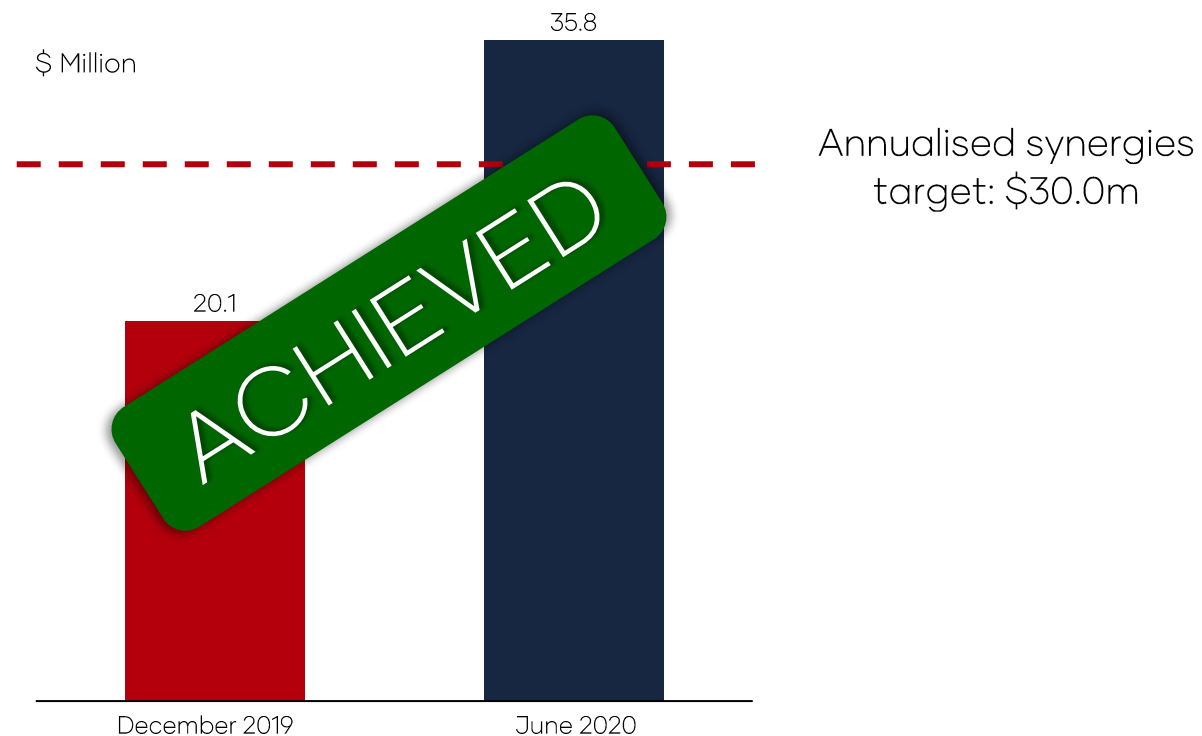
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STRATEGIC PRIORITIES



SYNERGIES

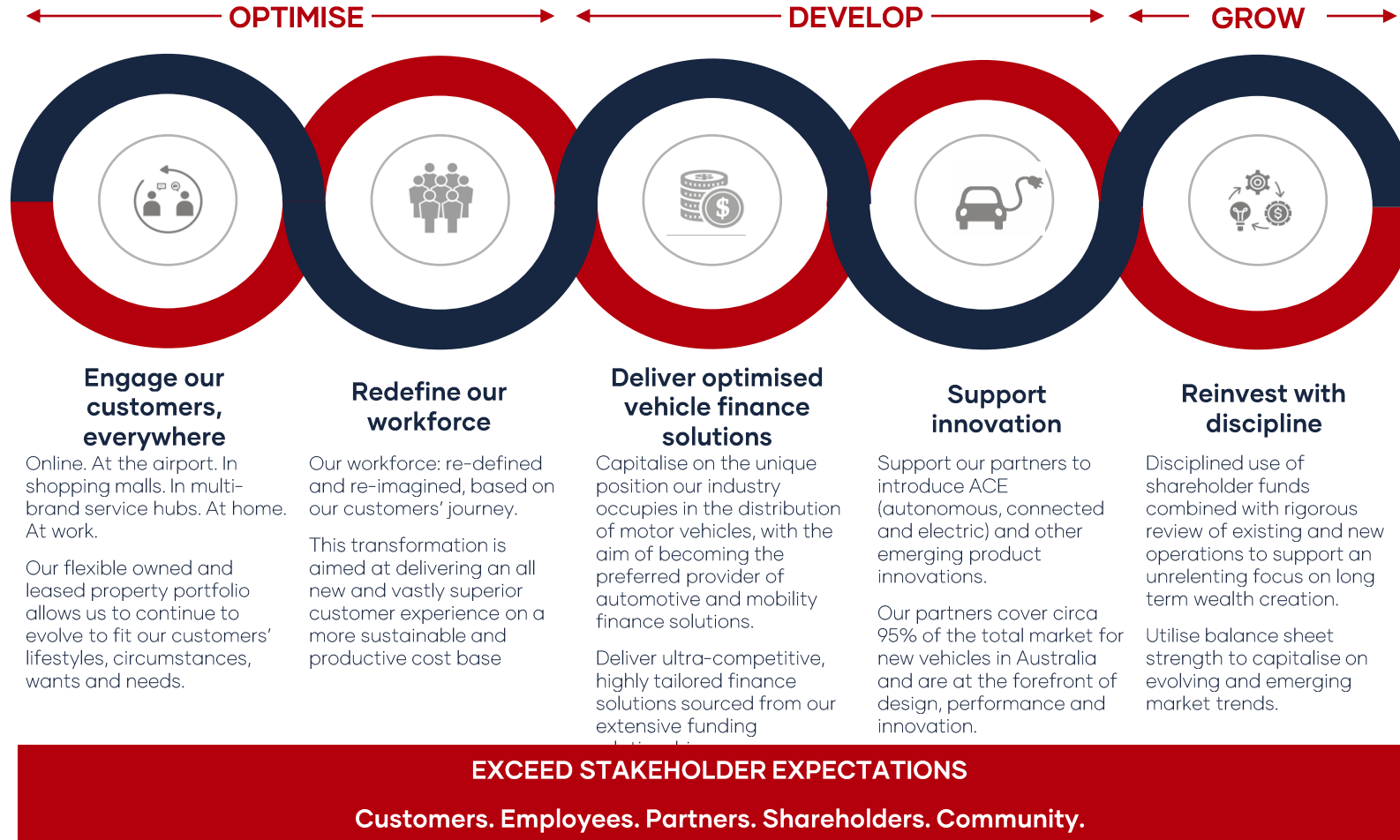
Original target achieved despite disruption of COVID-19 with further upside via operational efficiencies



- Exceeded \$30.0m annualised synergy target within 12-month timeline despite COVID-19 disruption
- Focus shifted towards operational efficiencies
- Whole of company aligned and focused on executing the Next100 strategy

NEXT100 STRATEGY

Providing integrated mobility solutions for the next 100 years



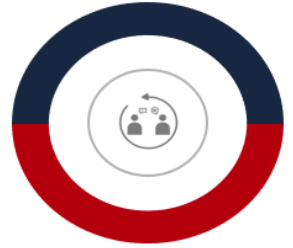
ENGAGE OUR CUSTOMERS, EVERYWHERE



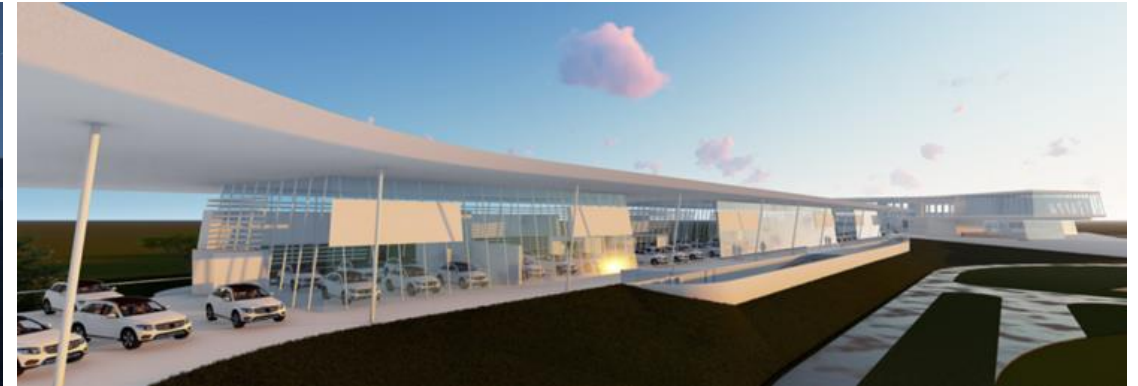
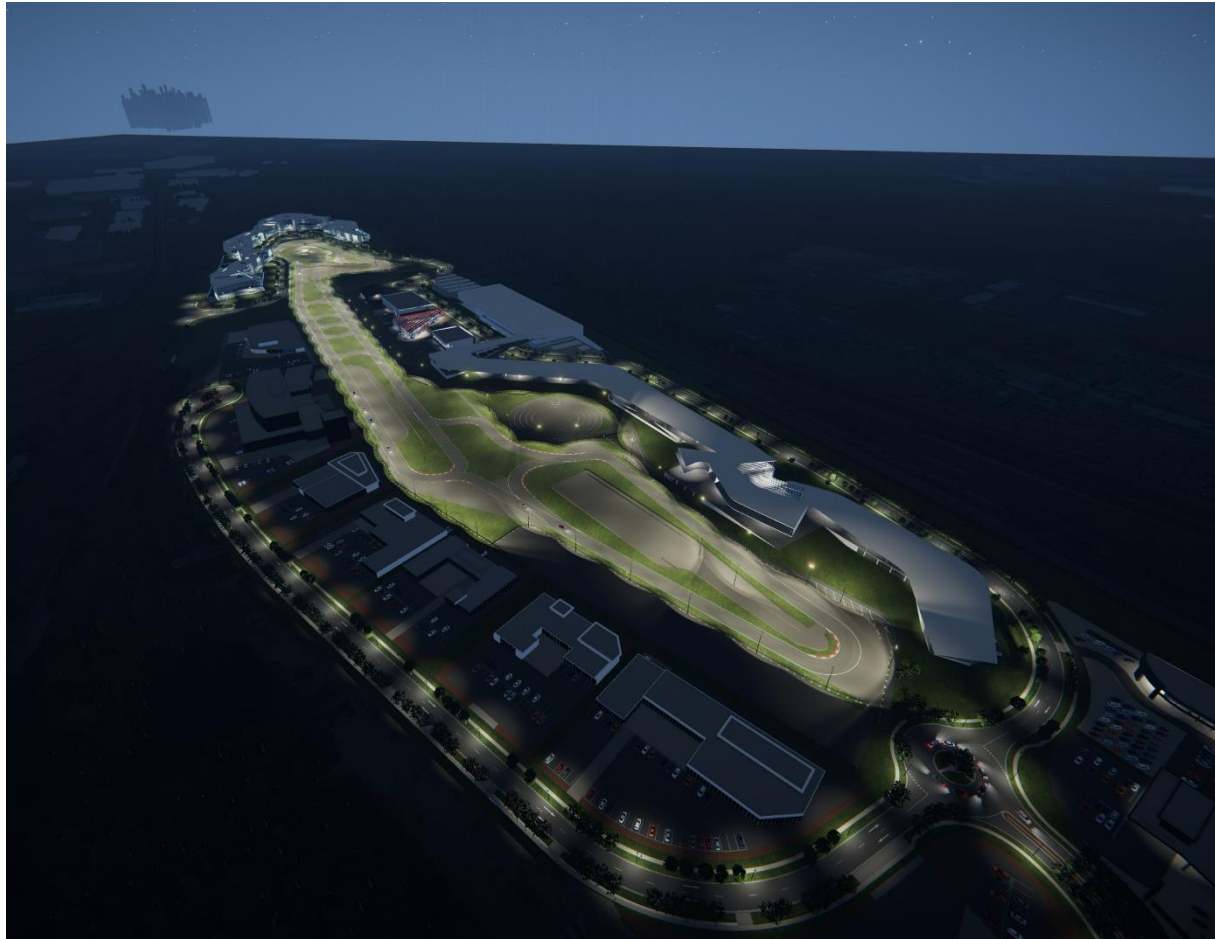
The future of automotive retail is an omni-channel offering which will allow us to engage with our customers online, at Auto Malls, at traditional showrooms, at home and at work

- Acceleration of our property strategy is the catalyst for delivering an enhanced customer experience on a substantially lower cost base
- Credit approval obtained for property funding for \$175.0 million from our OEM Captive Finance partner Toyota Financial Services
- Funding to be utilised to acquire strategically located sites that are currently leased
- Transformation of long-term leases into real tangible assets – delivering accretive returns and further strengthening our financial position
- These acquired sites facilitate the restructuring and exit of other sites, substantially lowering the cost base, without effecting our volume or income
- Key milestones achieved in relation to the BNE Auto Mall & Albion multi branded service hub

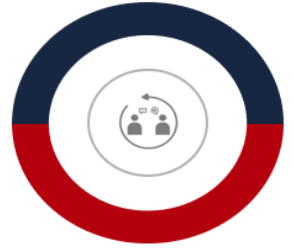
ENGAGE OUR CUSTOMERS, EVERYWHERE



Key milestones achieved in relation to the BNE Auto Mall & Albion multi branded service hub



ENGAGE OUR CUSTOMERS, EVERYWHERE



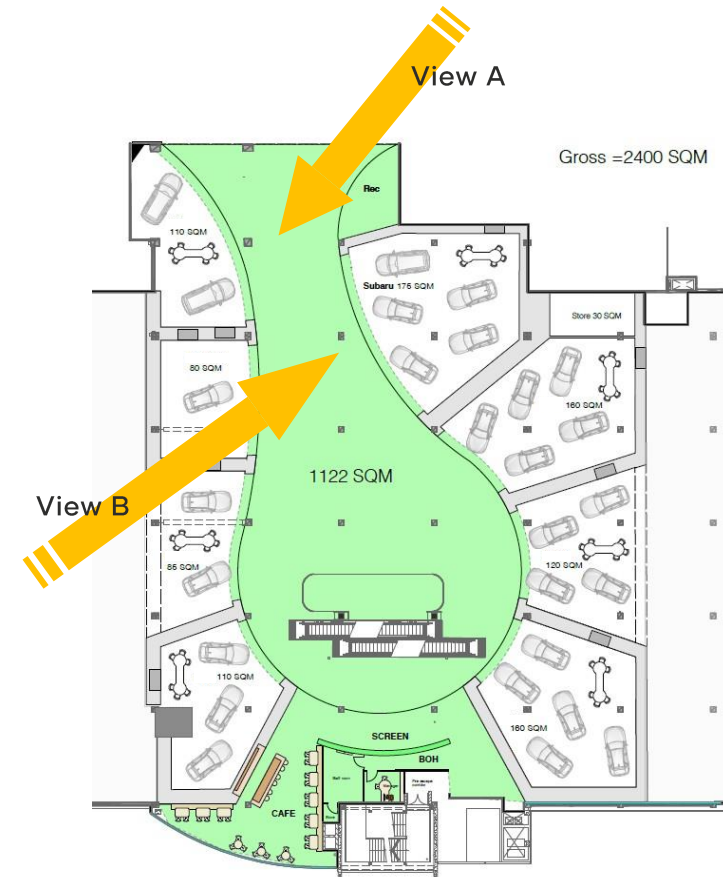
Auto Mall Shopping Centre - Artist Concept Sketches



A












B



PROGRESS WITH FINANCIAL SERVICES MODEL

Roll out of new channel platforms in challenging credit environment

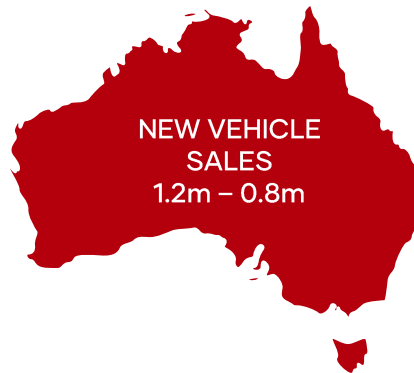
TRADITIONAL	 	Bailment conditions remained unchanged during COVID-19 disruption
	 	Approval rates lower since COVID-19
		Panel strategy at dealerships driving best choice for customers
		
INNOVATION		Online retail finance solution in development to drive incremental new business growth and scale
		Own Finance company launched Jan 2020
		Subscription business model focusing on Eagers dealerships- launched at EA123 (August 2020)

1H20 Update

- Successfully migrated AHG dealerships into Eagers F&I operating model
- Key components of F&I toolbox launched 1Q with rollout continuing since COVID-19 disruptions
- Expansion of comprehensive credit scoring tools to drive higher conversion and penetration

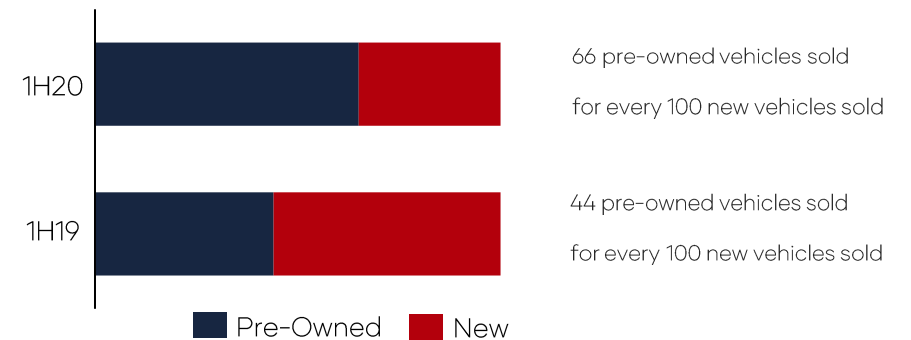
PRE-OWNED VEHICLE MARKET OPPORTUNITY

Australian New & Pre-Owned Vehicles Sales Market Size



Eagers Automotive ratio of pre-owned to new car sales moving in line with strategy:

- Australian total annual vehicle sales ~4.0m
- Pre-owned market ~3x new market size
- Total Australian Car parc ~19.8m¹ vehicles
- Average age of Australian vehicles is 10.4 years¹



¹ According to Australian Bureau of Statistics Motor Vehicle Census completed 31 January 2020

PRE-OWNED VEHICLE BUSINESS UPDATE

EasyAuto123 & Carlins Automotive Auctioneers partnering with national network to deliver growth and drive investment

- EasyAuto123 volume up 71% YoY
- Cost out and productivity growth achieved
- Carlins profit up 142% YoY



Key Enablers to Support Omni-Channel & Finance Strategy

- Inventory solutions driving volume – access to Eagers Automotive national network and partnering arrangements
- Omni-channel investment improving website functionality and driving organic unpaid reach
- Click & Collect developed during COVID-19 – launched in June 2020 with immediate success @ ~10% of sales
- Buy Your Car – advanced Artificial Intelligence developed to be launched in 4Q20
- Finance Your Car – 40-minute online approval to be launched in 4Q20 (Taurus)

OUTLOOK

Strong financial position, scale and geographic diversity to withstand challenging external conditions and accelerate Next100 Strategy

Property

- Acquisition of strategically located sites that are currently leased
- Increased flexibility in property portfolio
- Enhanced customer experience on substantially lower cost base

Pre-Owned Vehicles

- Accelerate the scaling of our fixed price pre-owned vehicle business
- Reducing cost
- Omni-channel offering that delivers enhanced customer experience

Restructure & Growth

- Ongoing restructuring and growth opportunities as we continue to deliver on the Next100 Strategy

THANK YOU

Q&A



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EA's results are reported under International Financial Reporting Standards (IFRS). However, EA also uses certain measures to manage and report on its business that are not recognised under Australian Accounting Standards or IFRS. These measures are collectively referred to in this presentation as 'non-IFRS financial measures' under Regulatory Guide 230 'Disclosing non-IFRS financial information' published by ASIC. Management uses these non-IFRS financial measures to evaluate the performance and profitability of the overall business for internal management reporting as it better reflects what EA considers to be its underlying performance and EA believes that they are useful for investors to understand EA's financial condition and results of operations. The principal non-IFRS financial measure that is referred to in this presentation are Underlying Operating financial results. Management uses these and other measures to evaluate the underlying performance of EA. Unless otherwise specified, non-IFRS financial measures have not been subject to audit or review in accordance with Australian Accounting Standards. A reconciliation of Underlying Operating financial results to IFRS financial information is included in slides 10 (1H20) and 31 (comparative financial information) of this Investor Presentation.

APPENDIX

STAT TO UNDERLYING EBITDA & PBT – 1H19

Significant items totalled \$5.8m in 1H19

\$ MILLION	EBITDA	Depn & Amort	Interest Expense	PBT	Tax Expense	NPAT
Underlying Continuing Operating ¹	72.4	(5.8)	(13.8)	52.8	(15.9)	37.0
Impairment	-			-	-	-
Govt Wage Subsidy Income COVID-19	-			-	-	-
AASB16 Lease Standard	21.4	(15.5)	(6.9)	(1.1)	0.3	(0.7)
Revaluation of Properties	-			-	-	-
Rent Waivers COVID-19	-			-	-	-
Business Acquisition & Integration Costs	(2.9)			(2.9)	-	(2.9)
Employee Underpayments	-			-	-	-
AHG investment income	4.8			4.8	-	4.8
Backout of Klosters profit contribution ²	6.9	(1.4)	(1.6)	3.8	(1.2)	2.7
Gain on sale of assets	2.2			2.2	0.4	2.7
Other	(1.1)			(1.1)	-	(1.1)
Total significant items	31.3	(16.9)	(8.5)	5.8	(0.4)	5.4
Statutory Continuing	103.7	(22.7)	(22.3)	58.7	(16.3)	42.4

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(2) Movement between underlying operating profit reported as at 1H19 driven by the removal of the Kloster Motor Group profit contribution for the period ended 30 June 2019. Eagers Automotive Limited divested of Kloster Motor Group in H2 2019.

AASB 16

Reduction in PBT of \$7.5 million during the period

	1H 2019 \$ Million Impact	1H 2020 \$ Million Impact	Mvmt \$ Million Impact	Mvmt % Impact
Lease Liability	(270.4)	(1,317.4)	(1,047.0)	387.2%
Right of use asset	215.9	914.7	698.8	323.7%
Lease Receivable	-	193.5	193.5	N/A
Deferred tax asset	16.3	63.3	47.0	288.3%
EBITDA up	21.4	81.0	59.6	279.0%
EBIT up	5.8	16.9	11.1	191.4%
(Loss) before tax	(1.1)	(7.5)	(6.4)	604.4%
Operating cash flows up	13.9	56.0	42.1	303.5%
Financing cash flows down	(13.9)	(56.0)	(42.1)	303.5%

DEFINITIONS

Non-IFRS Financial Information

AHG is defined as Automotive Holdings Group Limited

EA is defined as Eagers Automotive Limited (formerly AP Eagers Limited)

EBIT is defined as earnings before net finance costs

EBITDA is defined as earnings before net finance costs and losses on de-recognition of financial assets, income tax, depreciation and amortisation

EBITDA margin is calculated as EBITDA before significant items as a percentage of revenue

F&I is defined as Finance & Insurance

NPAT is defined as net profit after tax

PBT is defined as profit before tax

PBT margin is calculated as profit before tax before significant items as a percentage of revenue

Underlying Operating Profit is defined as statutory profit adjusted for significant items

DEFINITIONS

Non-IFRS Financial Information

Significant items are items that are non-recurring in nature, individually material or do not relate to the operations of the existing business. Refer to slides 10 (HY20) and 31 (comparative financial information) of this Investor Presentation for a breakdown of these items

VFACTs is published by the Federal Chamber of Automotive Industries (FACI) and provides a break down of monthly new motor vehicle sales statistics, outlining the number of new cars sold by brand by model.

YoY means the movement year on year.



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