



eagers
automotive

INDEPENDENT PRE-OWNED CAR STRATEGY

NOVEMBER 2020

Agenda

- **Simplifying for success**
- **Why used cars**
- **Our brand**
- **Economic drivers**
- **Our results to date**
- **Accelerators and enablers**
- **Questions and answers**

Martin Ward Simplifying for success

	2015-2019		2021 onwards
			
Franchised Auto	✓	✓	✓
Franchised Trucks	✓	✓	✓
Independent Used Cars		easyauto123	easyauto123 
Refrigerated Logistics	✗	   	✗
Other Distribution / Logistics	✗	 	✗
Property	STRATEGIC OWNERSHIP	ALL LEASED	STRATEGIC OWNERSHIP

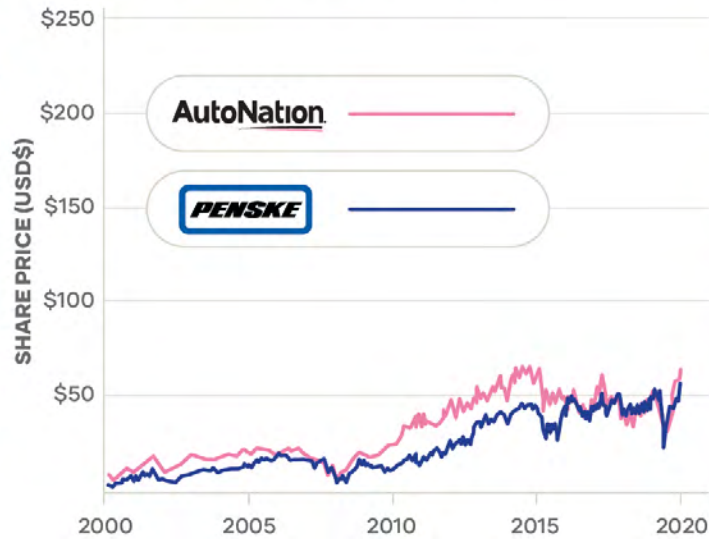
Martin Ward Simplifying for success

	2015-2019		2021 onwards
	 <small>Established 1913</small>		
Franchised Auto	✓	✓	✓
Franchised Trucks	✓	✓	✓
Independent Used Cars		easyauto123	easyauto123 
Refrigerated Logistics	✗	 <i>Raid Harris</i> 	✗
Other Distribution / Logistics	✗	 	✗
Property	STRATEGIC OWNERSHIP	ALL LEASED	STRATEGIC OWNERSHIP

Automotive retail valuations

Market cap figures as of 18-11-20

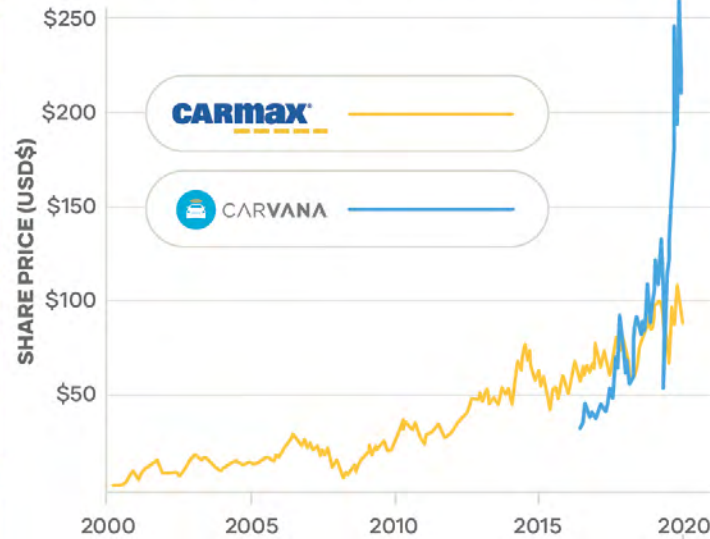
New Cars US market



	MARKET CAP	MARKET SHARE
AutoNation	USD\$5.42bn	1.82%
PENSKE	USD\$4.79bn	1.31%

Source: Penske 2019 Annual Report, autonews.com/dealers/autonation-posts-q4-gains-most-segments-except-new-vehicles

Used Cars US Market



	MARKET CAP	MARKET SHARE
CARMAX	USD\$15.23bn	2.03%
CARVANA	USD\$38.51bn	0.43%

Source: CarMax 2020 annual report, Carvana news release 26-02-2020

Why used cars?

MARKET SIZE

OPPORTUNITY

CONTROL

BARRIERS TO ENTRY

New Cars
US market



Used Cars
US market



New Cars
Australia



Used Cars
Australia



Source: US bureau of economic analysis, mtaa.com.au/directions-in-australias-automotive-industry-2017, VFACTS

Source: mtaa.com.au/directions-in-australias-automotive-industry-2017, VFACTS

Why used cars?

MARKET SIZE

OPPORTUNITY

CONTROL

BARRIERS TO ENTRY



Brand



Benefit



Experience



Why used cars?

MARKET SIZE

OPPORTUNITY

CONTROL

BARRIERS TO ENTRY



	NEW	USED
People	✓	✓
Property	✗	✓
Product	✗	✓
Promotion	✗	✓
Profit Margin	✗	✓

Why used cars?

MARKET SIZE

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BARRIERS TO ENTRY



Why used cars?

MARKET SIZE

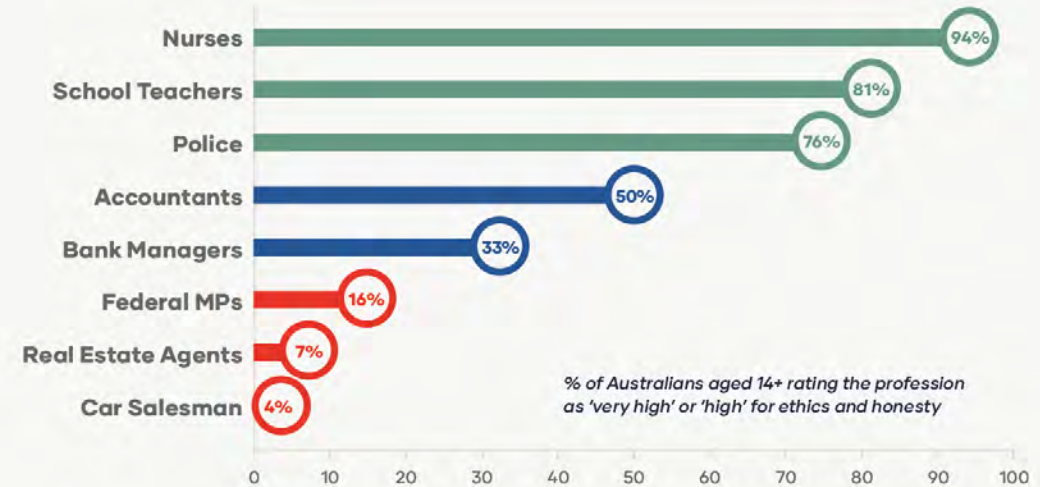
OPPORTUNITY

CONTROL

BARRIERS TO ENTRY



Roy Morgan Image of Professions Survey



Evolution of the used car category

TRADITIONAL

ONLINE



Independent Dealership

Zooper!

easyauto123

CarMax

Carvana

Carzoos

Carlypso

Beepi

- Fixed premises
- Haggle on price
- Limited resources (and inventory)
- Limited customer benefits

- Fixed premises
- 7-day money back
- Centralised services (BDC)

- And/or
- No haggle fixed prices
- Reserve online
- Car superstores

- And/or
- 14-day sell appraisal
- Buy car online with delivery options

- **Full omni-channel capability**
- **Customer chooses to transact all elements of shopping journey, face-to-face, online or any combination they choose**

- Online & dealerships (w/vending machines)
- Fixed price
- 7-day money back
- e-Commerce enabled (Online buying and selling)
- Pick-up and delivery

- Online and shopping centre
- 7-day money back
- 30-day sell appraisal
- No-commission staff

- Launched P2P marketplace (failed)
- Repositioned to online wholesale marketplace
- Acquired by Carvana - Aug '17

- Online P2P marketplace
- No-haggle
- 7-day money-back
- 30-day sell guarantee
- Delivered to you



easyauto123 Our mission

To change the used car buying
experience forever.



easyauto123 Brand vision

The easyauto123 brand is focused on providing customers with...

1

Best experience

- Nationally located one-stop-shop retail superstores.
- Customer-friendly trading hours.
- 7-day money-back guarantee.

7day

2

Biggest range

- The largest selection of quality verified used cars and budget cars.



easyauto123
Budget

- Your car, your way. Industry leading accessories offer.



3

Best price

- 'No haggle' fixed prices.
- Best Price Guarantee™

If you find a cheaper like for like car we will beat it – no questions asked.



easyauto123 Background and history



1 PERTH, WA
Joondalup Dec 2015



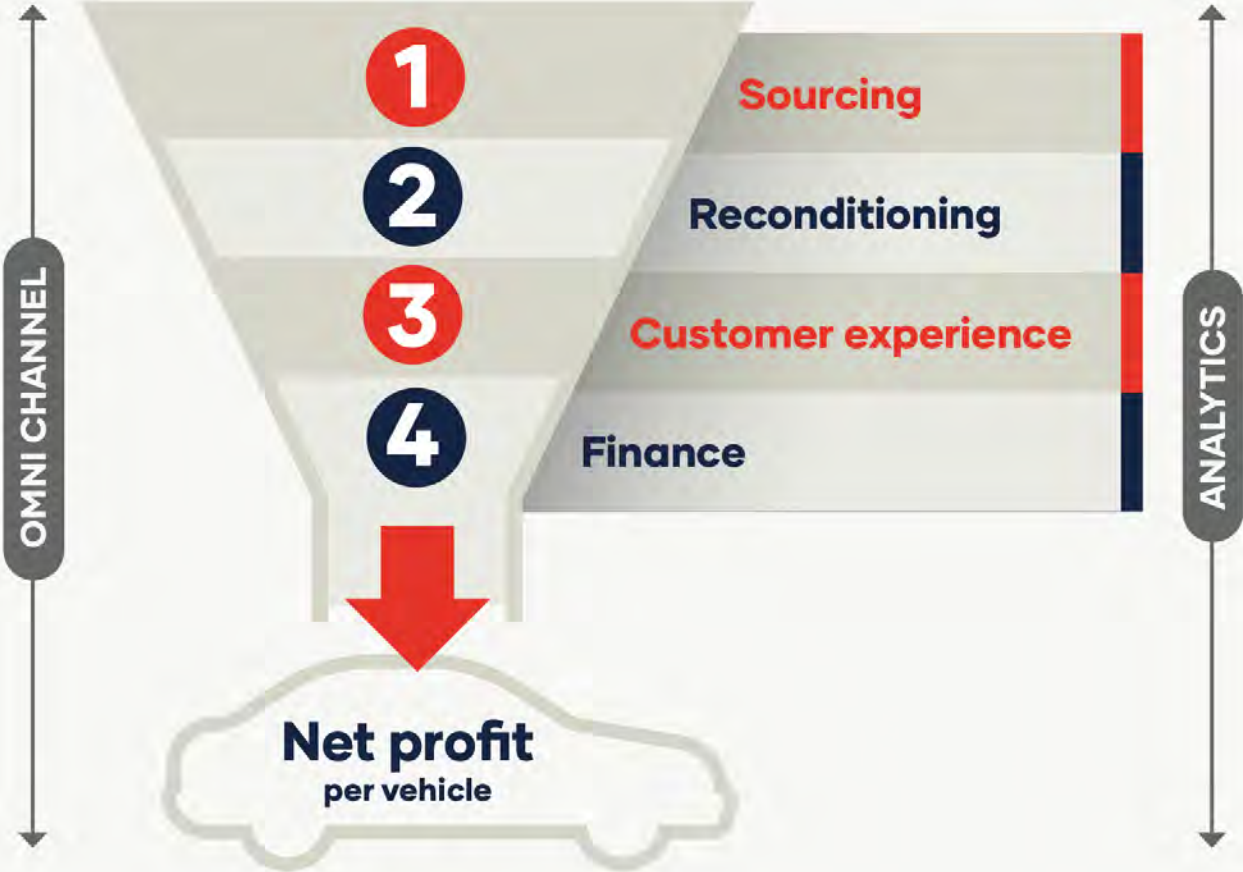
3 PERTH, WA
Canning Vale May 2017



5 BRISBANE, Qld
Hendra Feb 2018



Key success factors The easyauto123... 4



The economics of used cars/trends

VOLUME

X

GROSS MARGIN

-

EXPENSES

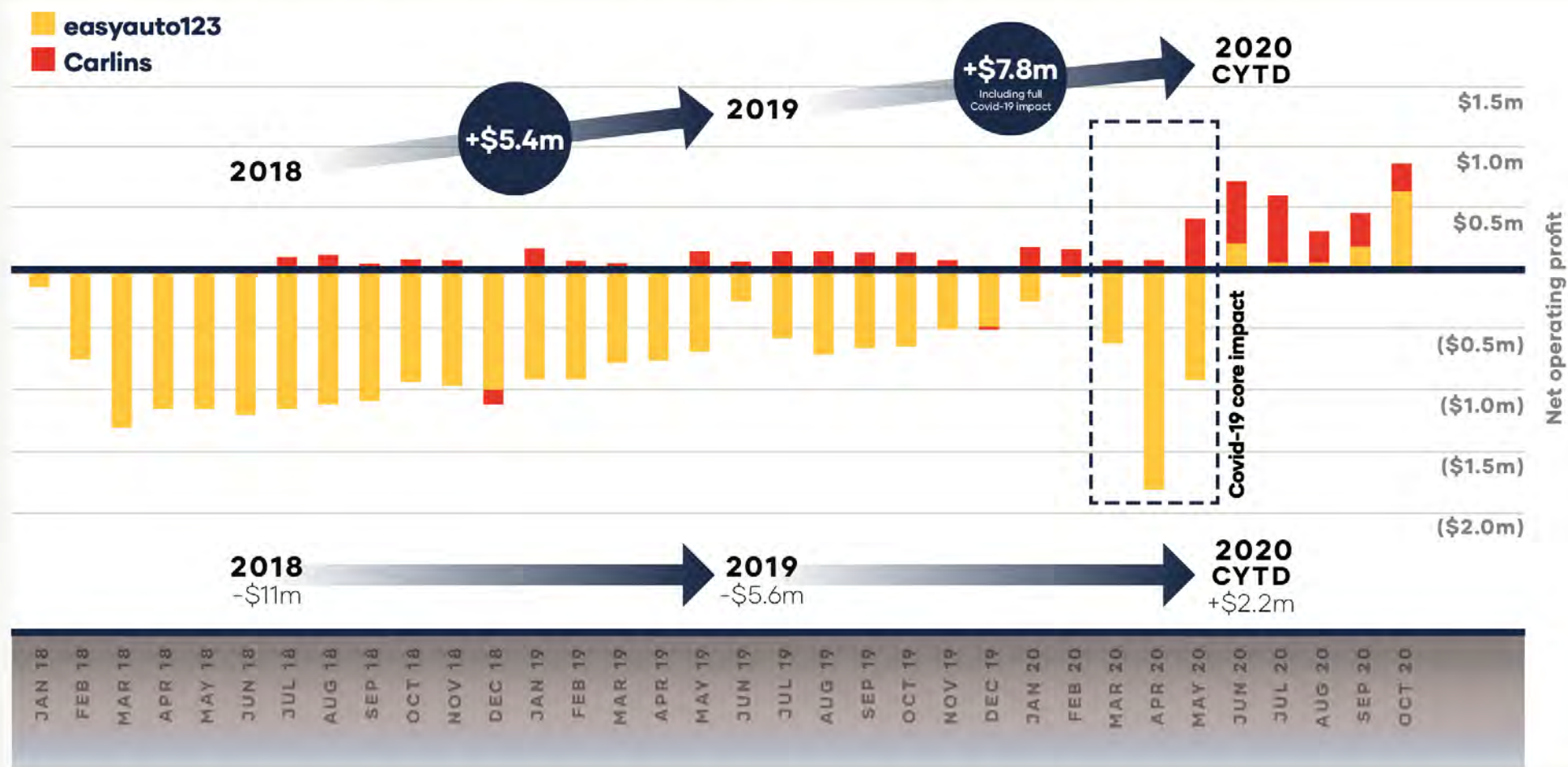
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NET PROFIT

Metal + Finance
+ Value-add products

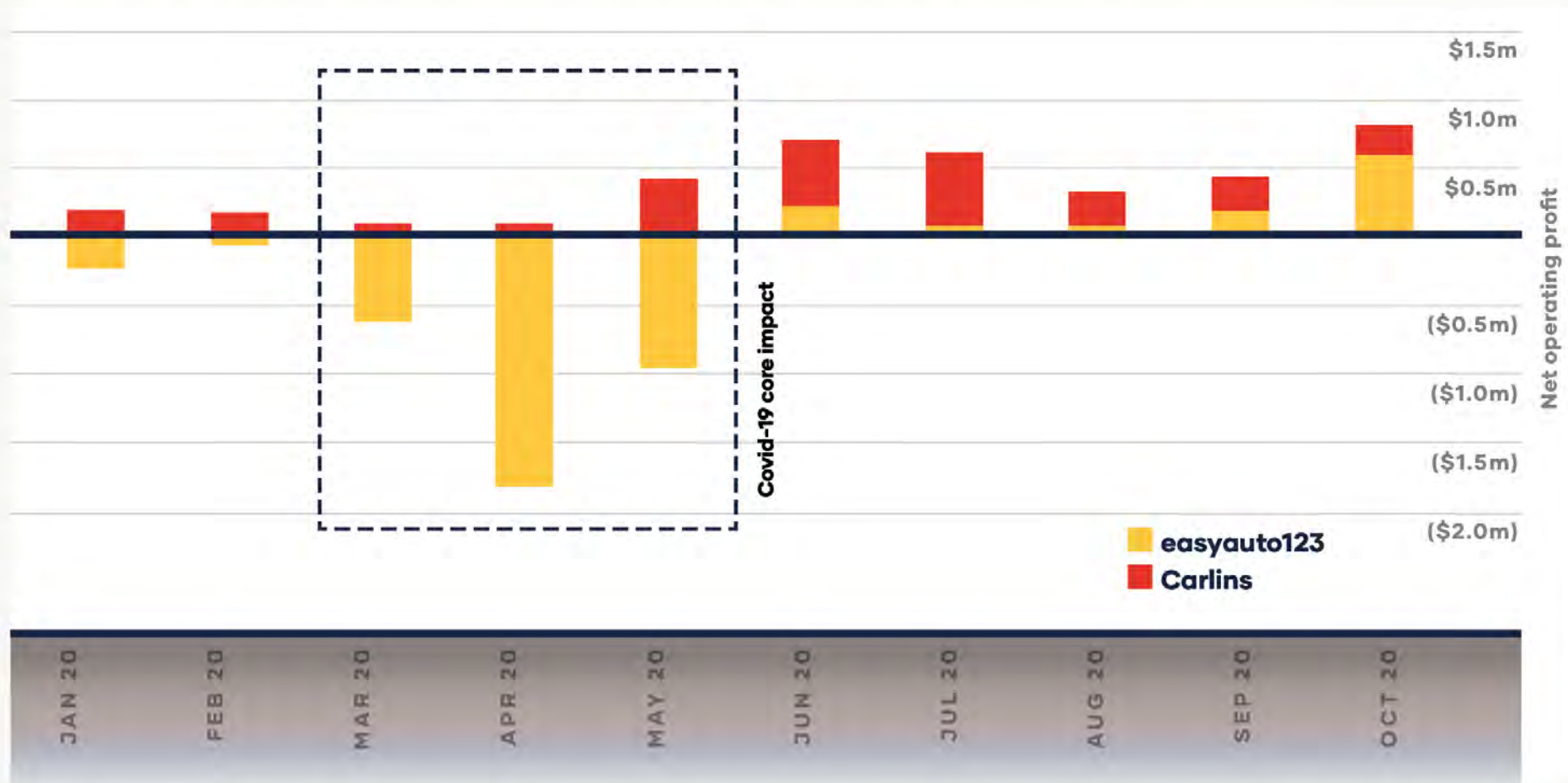
Property + People
+ Marketing + Inventory
+ Other

easyauto123 Independent used cars net operating profit*



Net operating profit represents divisional net profit extracted from management accounts.
 Source: Eagers Automotive Ltd

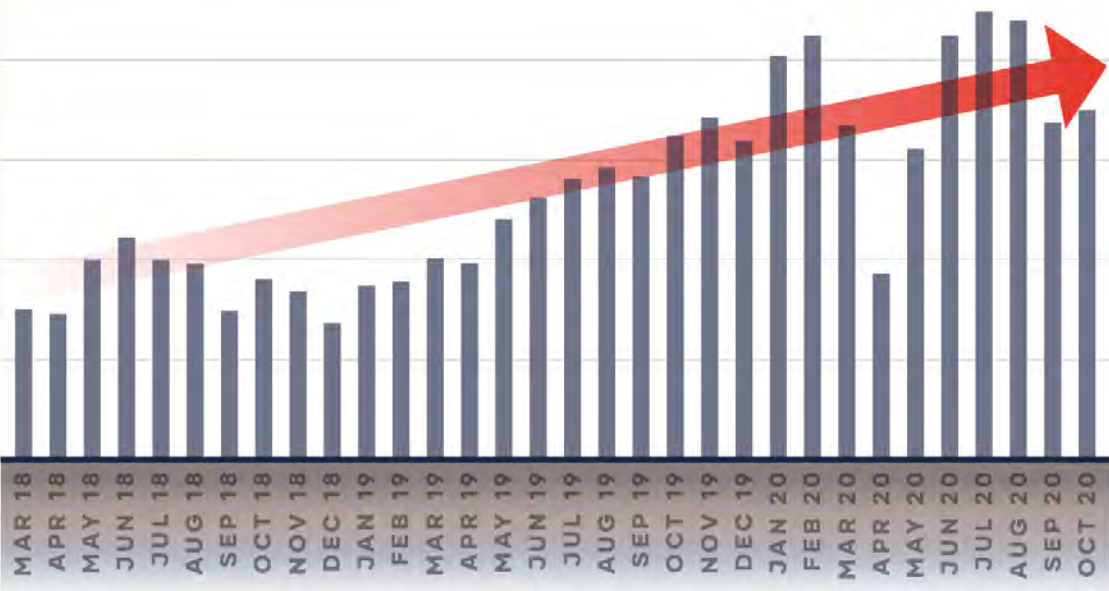
easyauto123 Independent used cars net operating profit*



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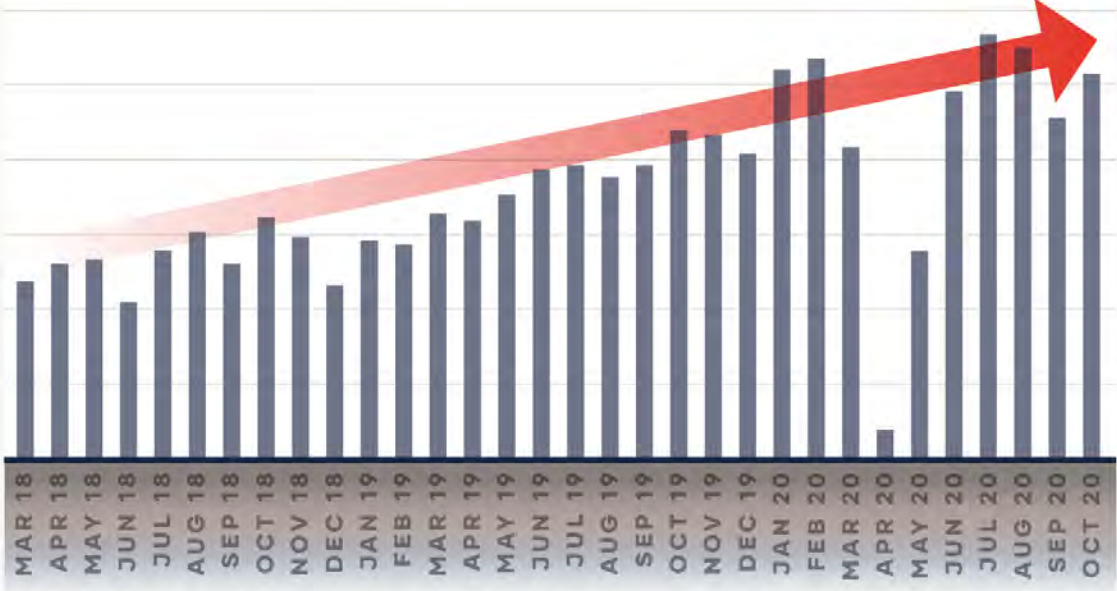
easyauto123 results Volume and gross margin (\$) growth

Average Volume
per site up by 57% YOY*



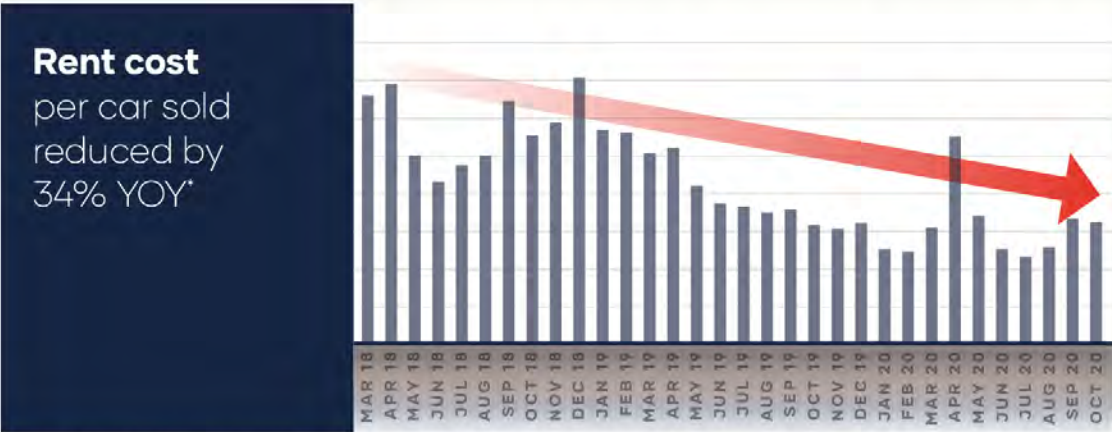
*Nov'19 - Oct'20 average volume per site vs. Nov'18 - Oct'19. Excludes Brooklyn during Covid-19 closure (Aug'20 - Oct'20)

Total gross margin (\$)
increased by 27% YOY*

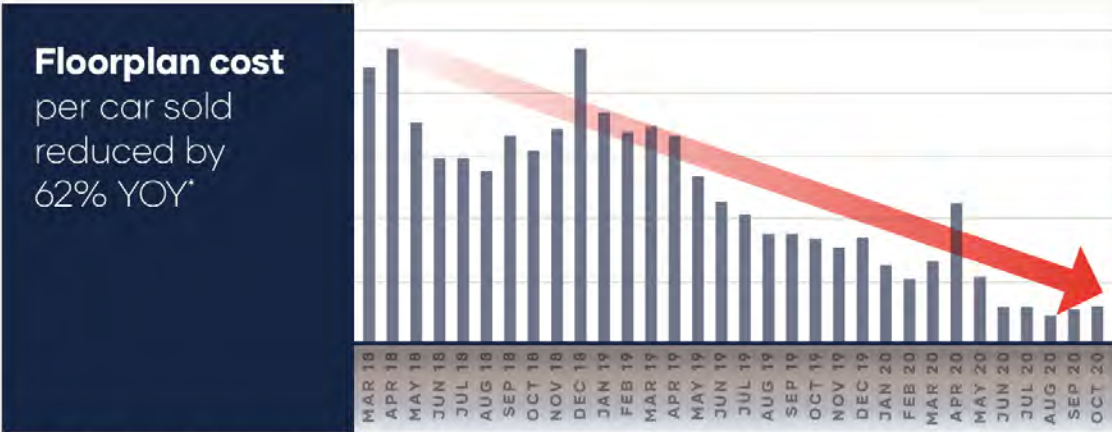


*Nov'19 - Oct'20 average gross margin (\$) vs. Nov'18 - Oct'19. Includes all Covid-19 trading impacts.

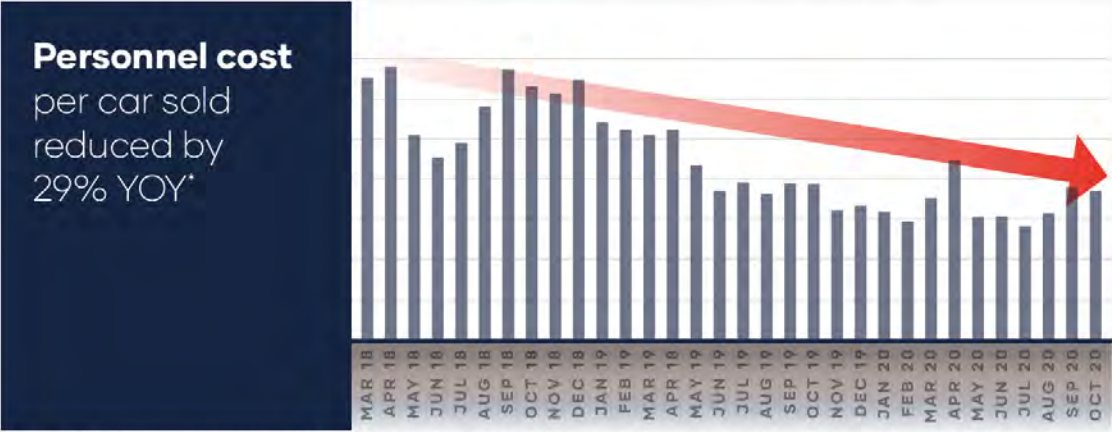
easyauto123 results Expense reduction



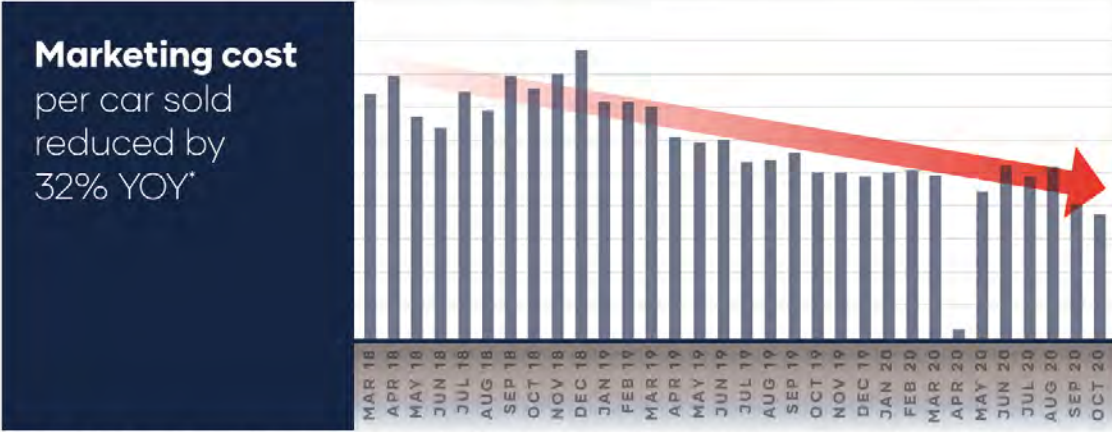
*Nov'19 - Oct'20 average rent per car sold vs. Nov'18 - Oct'19. Excludes Brooklyn during Covid-19 closure (Aug'20 - Oct'20)



*Nov'19 - Oct'20 average floorplan cost per car sold vs. Nov'18 - Oct'19. Includes all Covid-19 trading impacts.



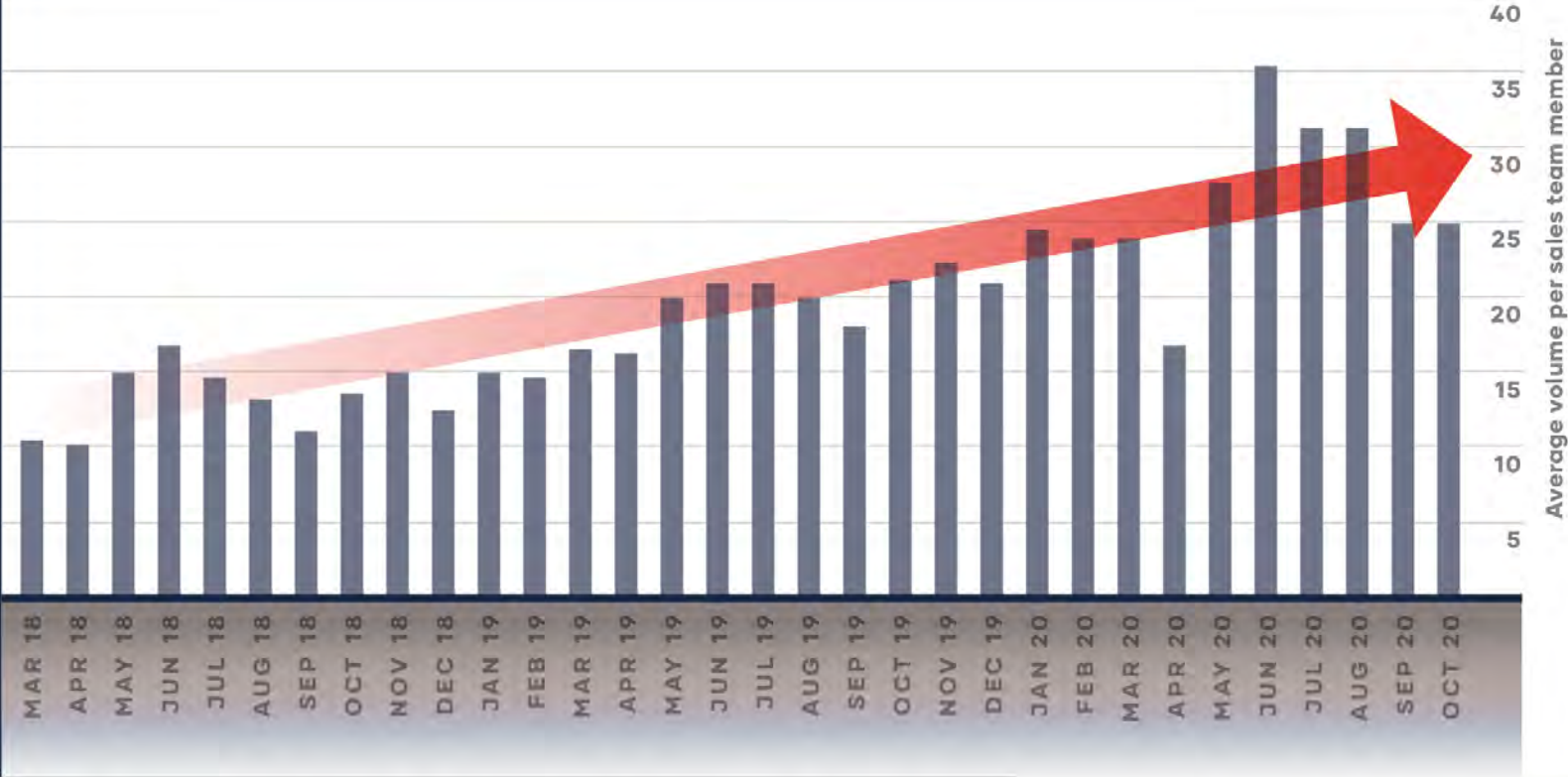
*Nov'19 - Oct'20 average personnel cost per car sold vs. Nov'18 - Oct'19. Excludes Brooklyn during Covid-19 closure (Aug'20 - Oct'20)



*Nov'19 - Oct'20 average marketing cost per car sold vs. Nov'18 - Oct'19. Excludes Brooklyn during Covid-19 closure (Aug'20 - Oct'20)

easyauto123 results Productivity growth

Volume
per sales
team member
increased by
44% YOY*



*Nov'19 - Oct'20 average volume per Sales Team Member vs. Nov'18 - Oct'19. Excludes Brooklyn during Covid-19 closure (Aug'20 - Oct'20)

easyauto123 growth accelerators/enablers Footprint growth



1 PERTH, WA
Joondalup Dec 2015



3 PERTH, WA
Canning Vale May 2017



5 BRISBANE, Qld
Hendra Feb 2018



7 NEW ZEALAND
Manukau Nov 2020



easyauto123 growth accelerators/enablers Omni-channel investment



New proprietary website

Development of transactable e-commerce experience.



360 degree imaging

Market-leading technology providing full online transparency to the customer.



Analytics and optimisation

Increased user-to-lead conversion through SEO (search engine optimisation) and CRO (conversion rate optimisation).



Taurus Finance integration

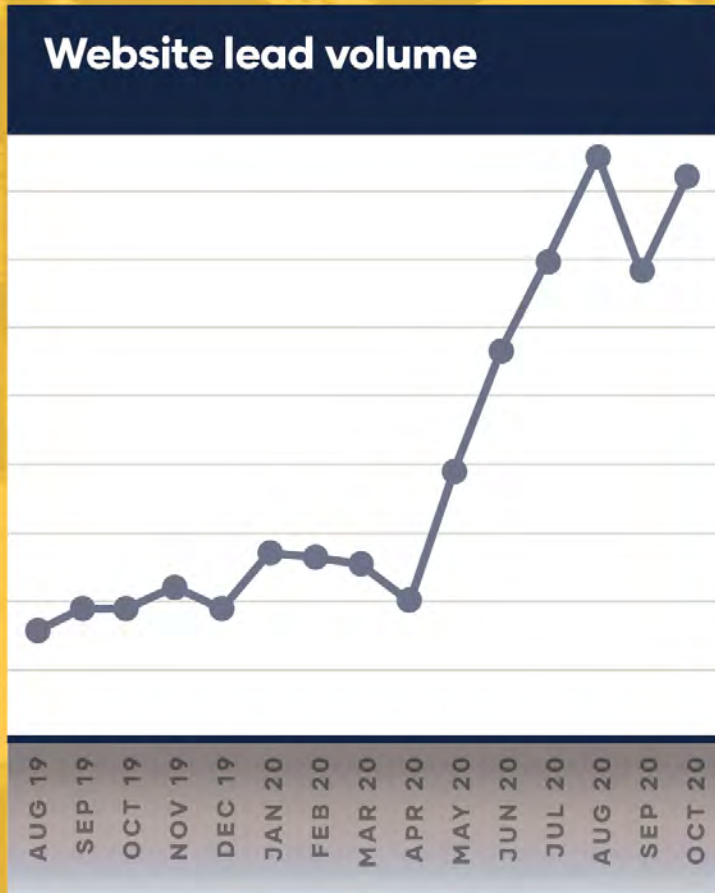
Real-time customer finance technology embedded into sales journey.



Strong roadmap

Future pipeline of new products and improvements creating category-leading technology.

easyauto123 growth accelerators/enablers Omni-channel results



Source: Eagers Automotive Ltd

easyauto123 The unique trifecta

SUPPLY

PARTNERSHIPS

**Franchised
Automotive**

+

easyauto123

+

Carlins
SINCE 1960

PROPERTY

CAPABILITY

The economics of used cars

VOLUME

X

GROSS MARGIN

-

EXPENSES

=

NET PROFIT

Metal + Finance
+ Value-add products

Property + People
+ Marketing + Inventory
+ Other

Next 100



Engage our customers, everywhere

Online. At the airport. In shopping malls. In multi-brand service hubs. At home. At work.

Our flexible owned and leased property portfolio allows us to continue to evolve to fit our customers' lifestyles, circumstances, wants and needs.

Redefine our workforce

Our workforce: re-defined and re-imagined, based on our customers' journey.

This transformation is aimed at delivering an all new and vastly superior customer experience on a more sustainable and productive cost base.

Deliver optimised vehicle finance solutions

Capitalise on the unique position our industry occupies in the distribution of motor vehicles, with the aim of becoming the preferred provider of automotive and mobility finance solutions. Deliver ultra-competitive, highly tailored finance solutions sourced from our extensive funding relationships.

Support innovation

Support our partners to introduce ACE (autonomous, connected and electric) and other emerging product innovations.

Our partners cover circa 95% of the total market for new vehicles in Australia and are at the forefront of design, performance and innovation.

Reinvest with discipline

Disciplined use of shareholder funds combined with rigorous review of existing and new operations to support an unrelenting focus on long term wealth creation.

Utilise balance sheet strength to capitalise on evolving and emerging market trends.

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

Q&A



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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 is Net Operating Profit. 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.

Appendix

Company overview

- **Australia's leading automotive retail group.**
- 108 year old company.
- **Over 8,000 employees.**
- Operating in all States and Territories across Australia (except ACT) with a strategic presence in New Zealand.
- **Represents the Top 19 brands in Australia based on volumes for the 12 months ended 31 Dec 2019.**
- 30 car brands and 12 truck brands represented across more than 250 new car and truck dealerships in Australian and New Zealand.
- **Owns in excess of \$350m of prime real estate.**