

25 August 2022

Market Announcements Office
ASX Limited

Half Year 2022 Results Presentation

Attached is the Half Year Results Presentation for Eagers Automotive Ltd (ASX:APE) for the half year ended 30 June 2022.

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Authorised for release by the Board.



1H 2022 Results

Keith Thornton | Chief Executive Officer

Sophie Moore | Chief Financial Officer

25 AUGUST 2022

1H 2022 Highlights

Half year result reflects resilience of the market, strength of the underlying business and material benefits from operational & strategic initiatives



Consistent Performance

Statutory Profit Before Tax

\$246.5m

Underlying Operating PBT⁽¹⁾

\$195.1m



Positive Outlook

Strong demand continues to outstrip supply, record order bank continuing to grow, confident outlook through FY 2022 and beyond.



Strong Balance Sheet

Underpinned by substantial asset base, strong cash generation, low net debt and record available liquidity.



Strategic Process

Further material benefits from relentless execution of our Next100 Strategy.

Strategic Initiatives

1

Franchised Automotive



Independent Used



2

Strategic Property Ownership



3

Transformation + Consolidation

=

Growth



(1) Underlying operating results refers to continuing operations outlined and reconciled to statutory results on slides 31 (1H22) and 32 (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.

Agenda

- 1 Financial Results
- 2 Operational Update
- 3 Strategic Priorities
- 4 easyauto123
- 5 Outlook
- 6 Q&A

Financial Results

1

Financial highlights 1H 2022

Disciplined focus on cost base underpinning sustainable Return on Sales performance



Statutory
PBT

\$246.5m



Underlying
Operating
PBT⁽¹⁾

\$195.1m



Available
Liquidity

\$842.8m



Return on
Sales
(Underlying)

4.6%



Corporate
Debt
Net of Cash

\$12.6m



Ordinary
Interim
Dividend

22.0 cents per share

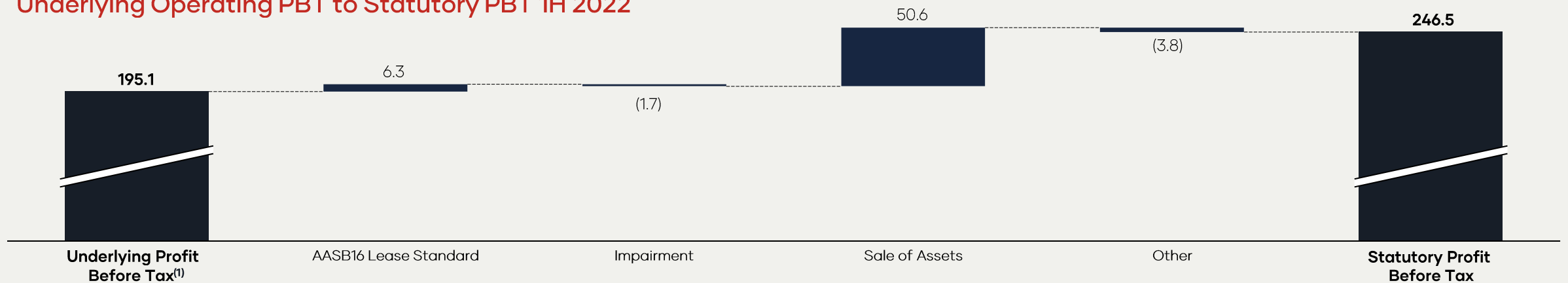
(1) Underlying operating results refers to continuing operations outlined and reconciled to statutory results on slides 31 (1H22) and 32 (comparative financial information) of this Investor Presentation. Underlying operating figures are non-financial measures and have not been subject to audit by the Company's external auditors.

1H 2022 Summary P&L

\$ MILLION

	1H22	1H21	
Revenue from continuing operations ⁽¹⁾	4,215.4	4,699.2	Underlying
Underlying operating EBITDAI from continuing operations ⁽¹⁾⁽²⁾	220.2	248.2	
Underlying operating PBT from continuing operations ⁽¹⁾	195.1	218.6	
Specific items reported below underlying profit ⁽¹⁾	51.4	48.8	
Statutory profit before tax from continuing operations	246.5	267.4	Statutory
Statutory profit after tax from continuing operations	178.7	202.3	

Underlying Operating PBT to Statutory PBT 1H 2022



(1) Underlying operating results refers to continuing operations outlined and reconciled to statutory results on slides 31 (1H22) and 32 (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.

(2) Interest Income associated with the impact of AASB16 Leases has been deducted in the comparative EBITDAI calculation, aligning with current year presentation.

Strong & flexible capital management

Strong balance sheet and liquidity position to support further investment in growth opportunities alongside capital management



Record Cash: \$326m



Low Net Debt: \$13m



Record Liquidity: \$843m



Low Gearing: 0.02 times



Share Buy-Back Program

Strong metrics

Enables flexibility to pursue organic growth and M&A opportunities in accelerating Next100 Strategy while undertaking capital management program

\$ MILLION	FY19	FY20	FY21	1H22
Cash	94.2	209.1	197.6	326.3
Net Debt	315.8	129.3	128.4	12.6
Available Liquidity	205.0	683.2	733.1	842.8
Gearing	1.14	0.29	0.28	0.02

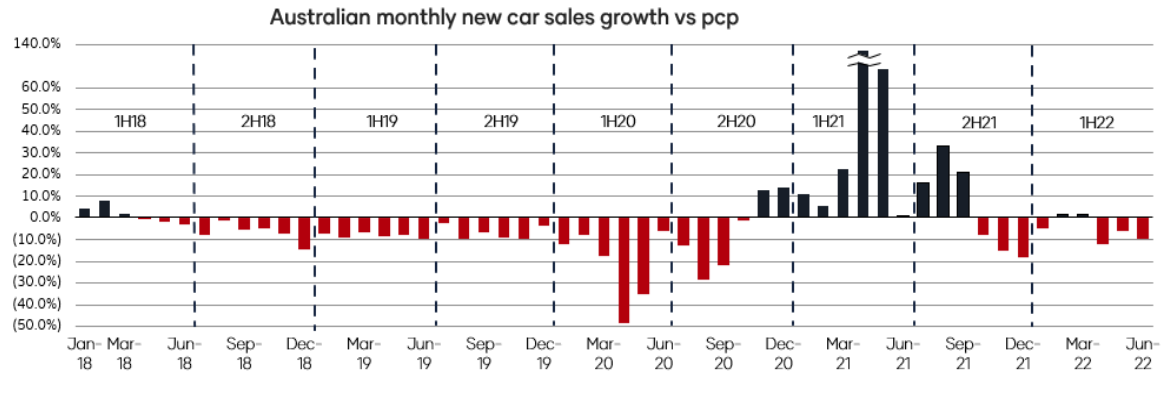
Operational Update

2

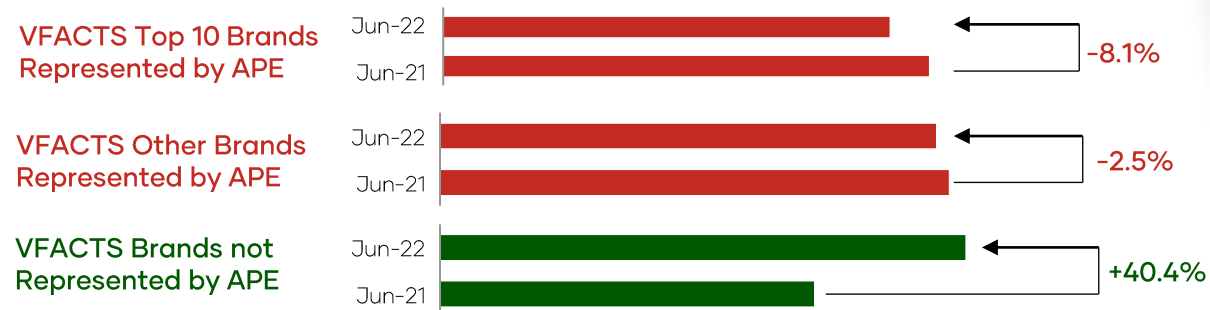
Unique scale and diversity in strong market

Opportunity within the automotive retail industry is compelling despite new vehicle supply constraints

Australian New Vehicle Market⁽¹⁾



Total Australian new vehicle market declined 5.2% versus prior period



Total Addressable Markets



Opportunity in our addressable market is compelling

New Vehicle Sales	~1.0 million new cars sold per annum in Australia ⁽²⁾
Used Vehicle Sales	~3.0 million used cars sold per annum in Australia ⁽³⁾
Finance & Insurance	~\$25.0 billion dealer retail finance written per annum ⁽⁴⁾
Service	~20.1 million vehicles with average age 10.6 years ⁽⁵⁾
Parts	~\$5.9 billion sales revenue per annum ⁽⁶⁾

(1) Source: VFACTS (as at 30 June 2022).
 (2) Source: VFACTS (as at 31 December 2021).
 (3) Manheim Used Car Market Report 2015.
 (4) Estimate based on Eagers Automotive market share.
 (5) Australian Bureau of Statistics, Motor Vehicle Census, Australia, 31 January 2021.
 (6) IBIS World Industry Report G3921 Motor Vehicle Parts Retailing in Australia May 2022.

Market dynamics drive our order bank

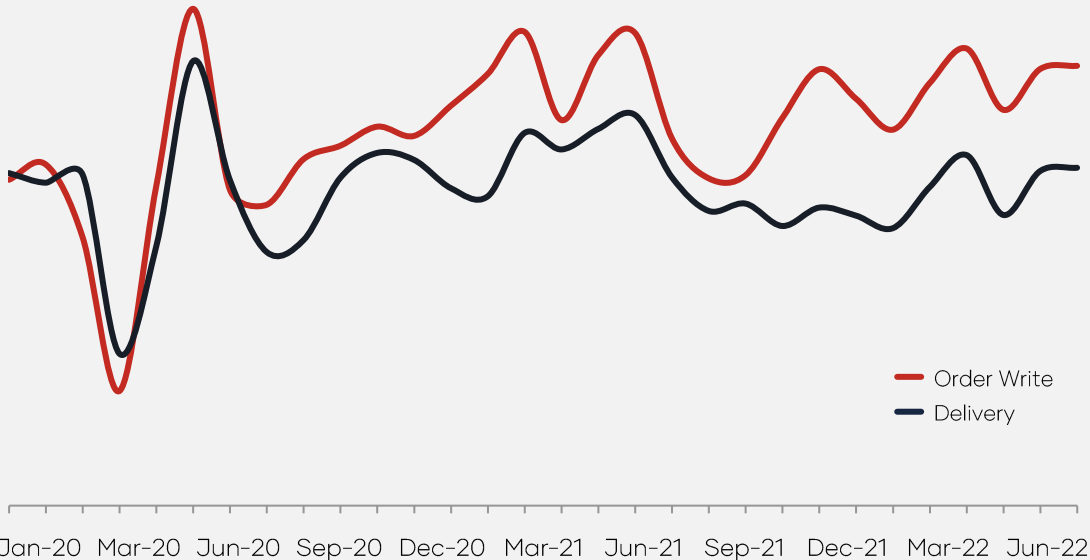
New vehicle demand remains strong, with our order bank up 32%⁽¹⁾ since December 2021

Consumer demand remains strong

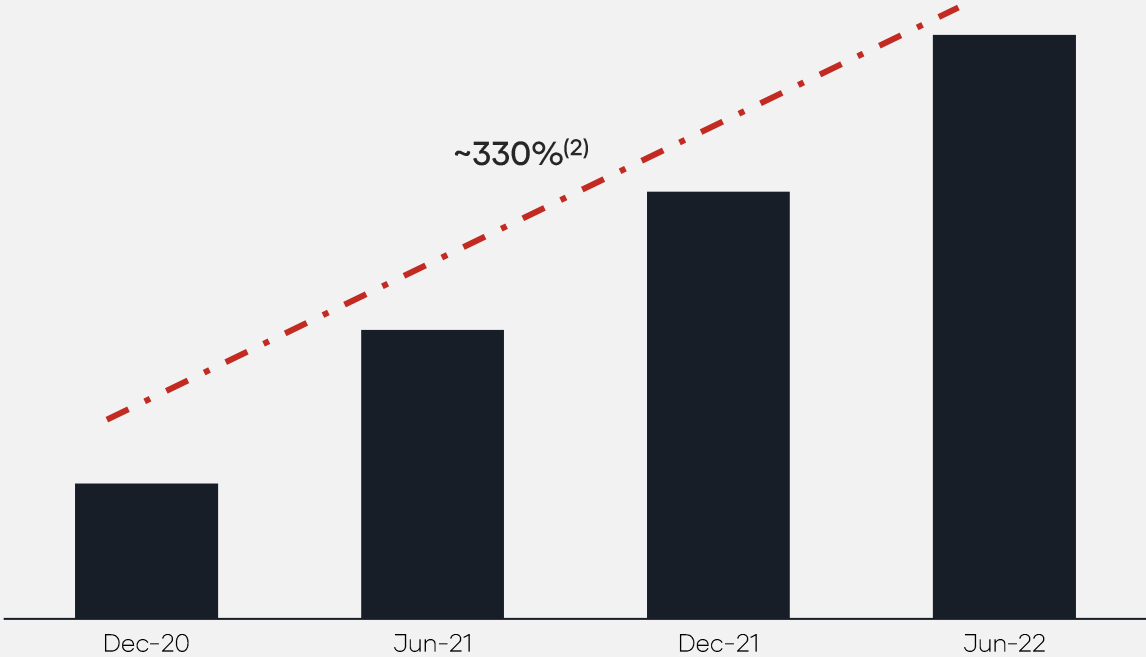
Ongoing supply chain constraints restricted deliveries in 1H22

Further month-on-month order bank growth expected

New Vehicle Order Write vs Deliveries
January 2020 to June 2022



New Vehicle Order Bank Growth



(1) Like-for-like order bank excluding Bill Buckle Auto Group and BYD retail joint venture.
 (2) Growth since December 2020 on a reported basis.



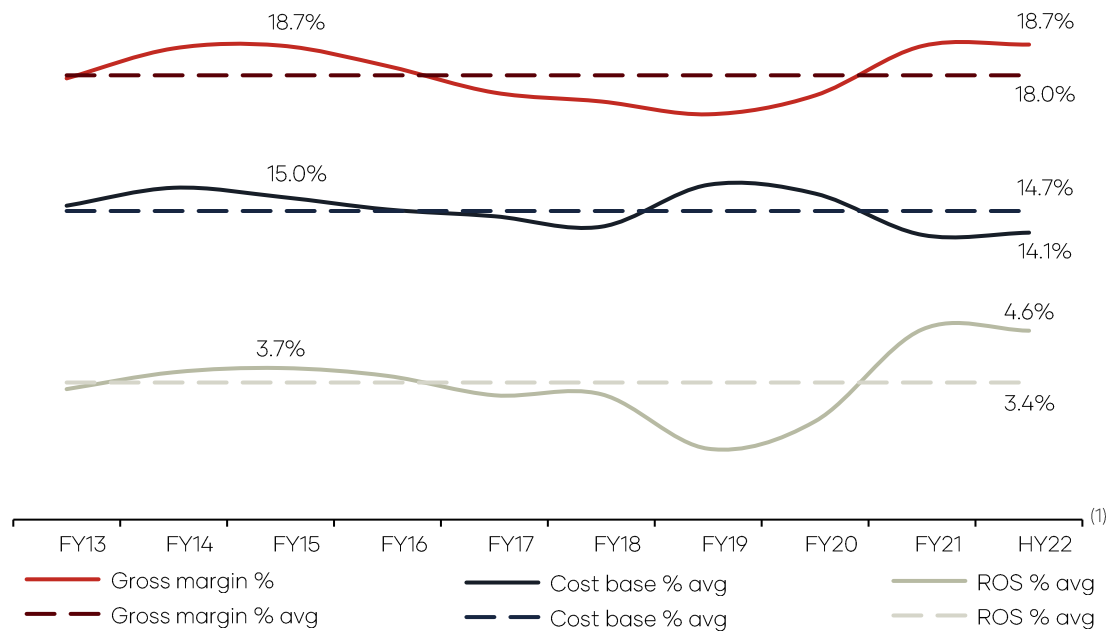
Strategy drives long-term value

Strong market conditions supported by greater productivity and a more efficient cost base

Total company margin remains strong but not materially above long-term averages

Business transformation via tech enabled productivity delivering a sustainable and more efficient cost base

Delivering a superior Underlying Return on Sales relative to long-term averages



(1) The figures represent the Underlying Gross Margin, Cost Base and PBT as a percentage of Underlying Revenue. Revenue is as reported in the audited financial statements, adjusted for significant items. Gross margin is calculated as Revenue less Raw Materials and Consumables Used as reported in the audited financial statements, adjusted for significant items. Cost Base represents all other expense categories as reported in the audited financial statements, adjusted for significant items. The significant items adjusted are shown in each years Investor Presentation, 4D and / or 4E, and for 1H22 reported on slide 31 of this Investor Presentation. Underlying operating figures are non-financial measures and have not been subject to audit by the Company's external auditors.

Sustainable Reduction in Cost Base

Average monthly underlying cost base materially lower than pre-COVID levels

1Q 2020 (Pre-COVID)

Step change

Further reduction targeted by driving productivity improvements enabled by technology, property and workforce redesign

FY 2021

Continued discipline

1H 2022

Market dynamics

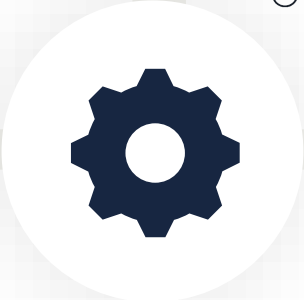
An overview of the 'Moving Parts' - not just the new vehicle department

Income Levers

- Finance & Insurance
- Car Care
- Used Cars
- Parts
- Service

Expense Levers

- People
- Property
- Inventory
- Marketing
- Other



Strategic Levers

- Property
- Tech Enabled Productivity
- Disciplined Reinvestment

Growth Drivers

- Transformation
- Consolidation
- Rationalisation



Used Vehicles

Finance & Insurance

Service

Parts

Strategic Priorities

3

NEXT100 Strategy

Providing integrated mobility solutions for the next 100 years

“ We continue to believe the **ultimate impact to profitability of large dealerships** as a result of the potential **disruption associated with Electric Vehicles and Direct to Customer models** is **likely to be minimal**.

This is due to the opportunity from:

Omni-channel
initiatives

Consolidation

Limitless used
car market
penetration

Captive finance
operations

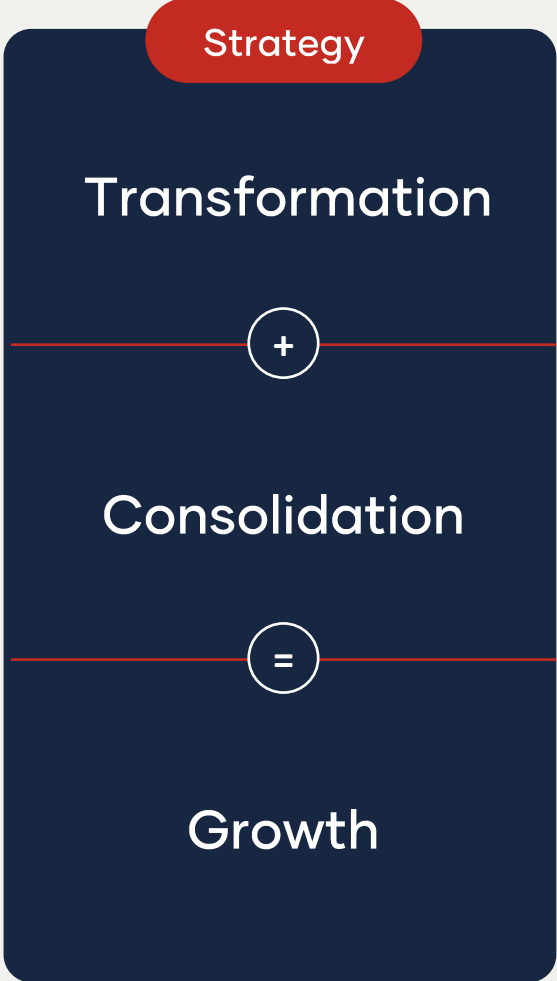
Productivity
gains/leaner
workforce

”

JP Morgan North American Equity Research – 19 July 2022

NEXT100 Strategy

Providing integrated mobility solutions for the next 100 years



Organic growth through property strategy

Continuing to rebalance owned vs leased property portfolio to unlock value and enhance customer experience

Property Highlights

Portfolio at Jun-22
\$444m

Property acquired 1H22
\$21m

Gain on property divested 1H22
\$17m

Properties contracted for purchase 2H22
\$120m

Leases exited 1H22
11

Opening of **AutoMall West** - redefining the future of automotive retail

Redeveloping Osborne Park WA - consolidating 8 brands across 2 owned properties, expected to be completed in 2023

Fitout nearing completion at our assembly line **reconditioning facility**, end-to-end process from vehicle arrival / inspection through to paint, detail & photography

Enhancing Customer Experience



Organic growth through proprietary technology

Driving growth through productivity and incremental revenue opportunities with incremental gains to be realised

10 Minute Sales App	Integrated digital vehicle contract solution	+3,900 vehicle contracts 1H22	34% of all contracts in EA123 1H22
SMS Payments	Digital payment method for service customers	28% pay rate 1H22	10-minutes Average response time
Additional Work Requests	Real time request for customer approval of additional service tasks	72% response rate 1H22	6-minutes Average response time
Used & Wholesale Deal Processing	Automation of high-volume manual process	+8,100 deals processed 1H22	6-minutes Average processing time saved per deal

In-house technology solutions driving productivity gains and creating greater opportunity to leverage data and analytics

Financial Services striving for higher finance penetration

Optimising our unique toolbox to win the race to customers in a highly competitive market

Strategic Highlights

- New entrants scaling auto finance capabilities
- Ongoing showroom F&I transformation
- Growing proprietary businesses
- Increasing ancillary product penetration

Operational Highlights

- Outperforming industry
- Intense focus on pipeline management
- PVR higher than 2H21

Opportunities

Ancillary Products



Motor Insurance



Scratch & Dent

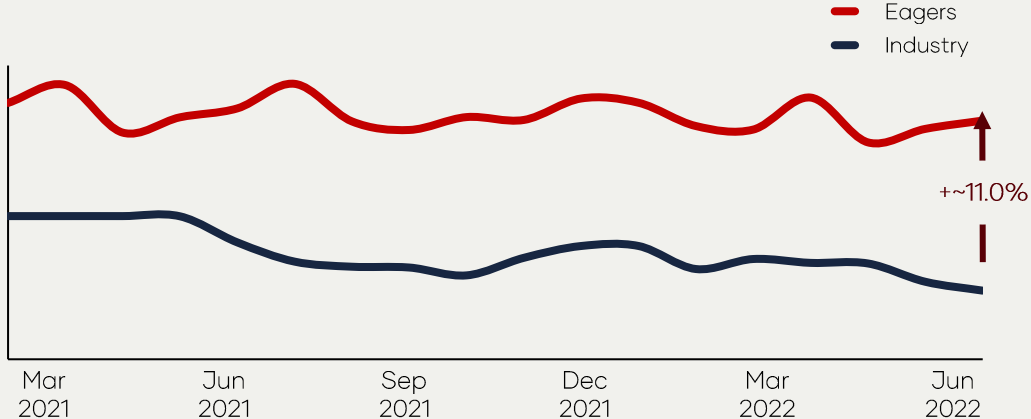


Mechanical Protection

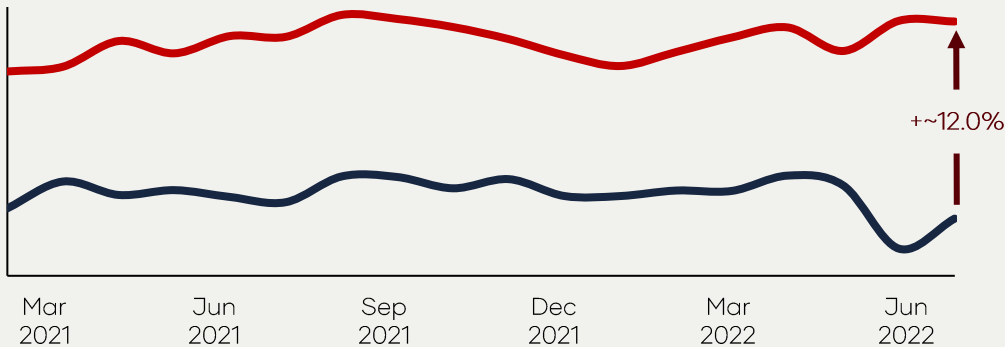
Proprietary Businesses



F&I New Penetration



F&I Used Penetration



Greenfield growth

Driving growth through creating new opportunities

New Markets

Additional greenfield markets
Alfa Romeo, Fiat, Ford, MG (x2), McLaren, Renault & Volvo (x2)

Lower cost business model

Further opportunities identified



New Entrants

BYD a unique opportunity with exclusive national retail rights

Cupra metro representation in QLD & WA

Polestar service arrangement



New Formats

AutoMall West multi-brand store opened in Indooroopilly shopping centre in April 2022

Executed agreement with **Stellantis** for AutoMall West, multiple brand opportunity



AutoMall West

Execution of innovative automotive retail solutions

Exceeding our expectations since launch

Foot Traffic
2,000+

Average unique visitors
per day

Dwelling Time
15 minutes

Average time spent inside the
store per customer

Property Footprint
2,400m²

Total retail space

Customer Feedback
Benchmark CSI performance
across brand portfolio

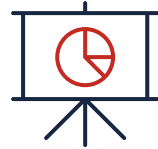
What's Next?



Acquisitive growth

Driving growth through productivity and incremental revenue opportunities

Investment Criteria



Complementary brand portfolio

Strategic property ownership

Disciplined acquisition multiples, immediately earnings accretive

Significant upside opportunities through execution of our Next100 Strategy

Kelly Trotter / Heritage



Kelly Trotter (Cardiff) & Heritage (Maitland) Motor Group

5 brands across two high growth regional locations

3 strategic properties acquired

Completed 1 December 2021

Scorecard

Metric

Performance
June 21 vs June 22

Revenue (p.a.)

14.4% increase
(annualised run rate basis)

Return on Sales

+ 3.1% basis points

Sales / Employee

48.5% improvement

Business transformation initiatives driving improved results within 6 months

Further upside through execution of mid term property consolidation strategy



Acquisitive growth

Driving growth through disciplined and value-accretive M&A

Canberra

ACT business to deliver a **national footprint**

9 brands including brand **exclusivity** for Ford, Subaru, Lexus & Volvo

~\$450 million turnover / ~400 employees

10 strategic owned properties acquired

Adelaide

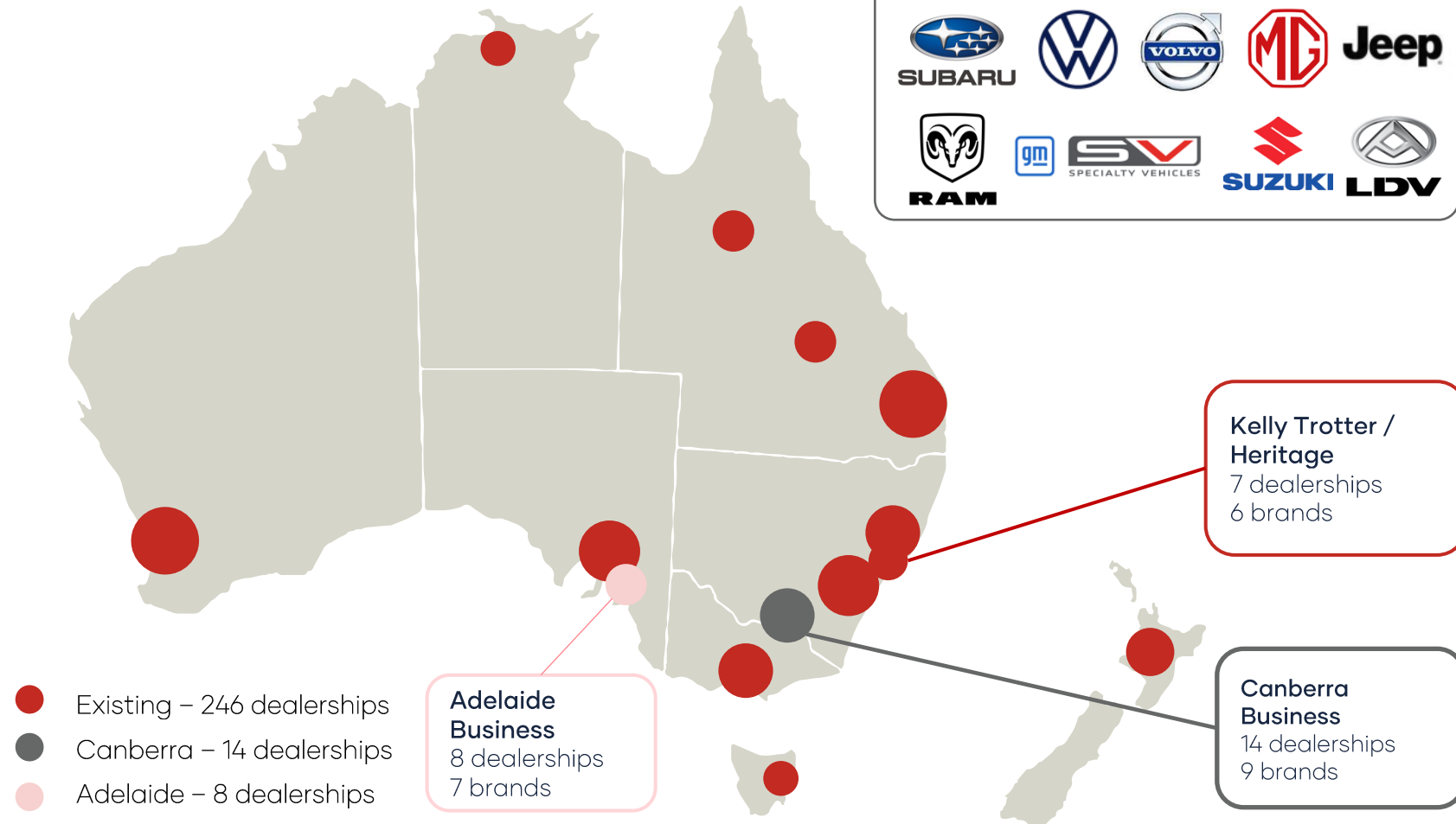
Newspot business to provide further **scale and brand** diversity in SA

7 brands, including MG, Kia, Suzuki, Jeep, LDV, RAM & SsangYong

~\$100 million turnover / ~70 employees

1 strategic owned property acquisition

268 dealerships⁽¹⁾ across Australia and New Zealand



(1) Dealership is defined as unique individual brands within a unique physical location.

easyauto123

4

2022 Key achievements

Driving sustainable scaling of the business through disciplined investment



Driving Sustainable Scale

Growth from
January 2021
to June 2022

+50.7%

Revenue

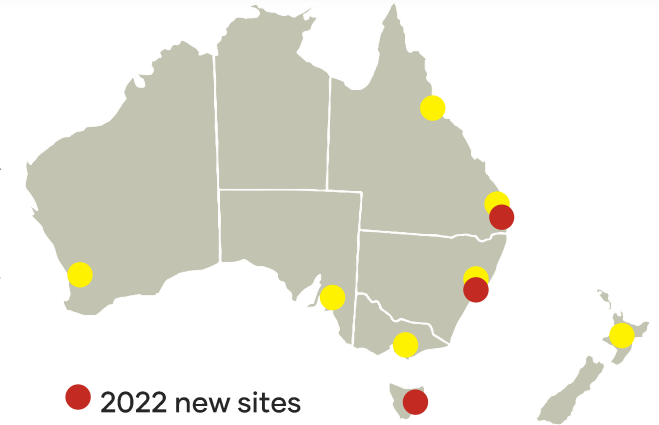
+57.4%

Unit Sales

Rollout Strategy

3x Sites opening 2021

3x Sites opening 2022



Technology Initiatives



10 Minute
Sales App



Unconditional
online finance
approval



Data &
analytics
supporting
inventory
management

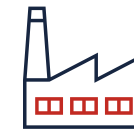


Automated
deal
processing

Disciplined Investment



Sourcing



Reconditioning



Customer
Experience



Data &
Analytics

Outlook

5

Outlook

Disciplined focus on accelerating our Next100 Strategy



Optimising operational performance



Technology enabled productivity



Growth via new markets, new entrants & accretive acquisitions



easyauto123 sustainable growth



Disciplined M&A activity

Strategic Initiatives

Franchised Automotive



Independent Used



Strategic Property Ownership





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 Australian Securities and Investment Commissions (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 31 (1H22) and 32 (comparative financial information) of this Investor Presentation.

Appendix

Statutory to Underlying EBITDAI & PBT – 1H 2022

\$ MILLION 1H22	EBITDAI	Depn & Amort	Interest Expense	Interest Income	Impairment	PBT	Tax Expense	NPAT
Underlying Operating	220.2	(9.4)	(15.5)	-	-	195.1	(62.6)	132.5
Impairment	-				(1.7)	(1.7)	0.0	(1.7)
AASB16 Lease Standard	69.2	(45.3)	(23.4)	5.7		6.3	(1.9)	4.4
Business Acquisition, Divestment & Integration Costs	(2.2)					(2.2)	(0.0)	(2.2)
Sale of Assets	50.6					50.6	0.7	51.3
Miscellaneous	(1.6)					(1.6)	0.5	(1.1)
Alignment of Full Year Effective Tax Rate ⁽¹⁾	-					-	(4.5)	(4.5)
Total Significant Items	116.0	(45.3)	(23.4)	5.7	(1.7)	51.4	(5.2)	46.2
Statutory	336.2	(54.7)	(38.9)	5.7	(1.7)	246.5	(67.8)	178.7

(1) Alignment to forecasted full year effective tax in accordance with AASB 134 *Interim Financial Reporting*.

Statutory to Underlying EBITDAI & PBT – 1H 2021

\$ MILLION 1H21	EBITDAI	Depn & Amort	Interest Expense	Interest Income ⁽¹⁾	Impairment	PBT	Tax Expense	NPAT
Underlying Operating	248.2	(13.7)	(16.0)	-	-	218.6	(60.5)	158.1
Brand Restructure Compensation	0.4					0.4	(0.1)	0.3
AASB16 Lease Standard	82.9	(50.9)	(24.9)	4.7		11.8	(3.5)	8.3
Revaluation of Properties	-				(5.2)	(5.2)	-	(5.2)
Business Acquisition, Divestment & Integration Costs	(0.4)					(0.4)	0.1	(0.3)
Sale of Assets	41.1					41.1	(0.8)	40.3
Dividends Received	1.1					1.1	(0.3)	0.8
Total Significant Items	125.1	(50.9)	(24.9)	4.7	(5.2)	48.8	(4.7)	44.2
Statutory	373.4	(64.6)	(40.8)	4.7	(5.2)	267.4	(65.1)	202.3

(1) Interest Income associated with the impact of AASB16 Leases has been deducted in the comparative EBITDAI calculation, aligning with current year presentation.

Definitions

Non-IFRS Financial Information

CSI	is defined as customer satisfaction index
CX	is defined as customer experience
EA	is defined as Eagers Automotive Limited (formerly AP Eagers Limited)
EBIT	is defined as earnings before interest and tax
EBITDA	is defined as earnings before interest, tax, depreciation and amortisation
EBITDAI	is defined as earnings before interest, tax, depreciation, amortisation and impairment
EBITDA margin	is calculated as EBITDA before significant items as a percentage of revenue
F&I	is defined as Finance & Insurance
Independent Used	is defined as the combined easyauto123 and Carlins auction businesses
JP Morgan North American Equity Research – 19 July 2022	is defined as the report issued by JP Morgan North American Equity Research (US Autos) titled <i>"Digital Used and Franchise Auto Dealerships Sector Thoughts and Handbook: 2Q22 Preview, KMX Store Visit, Update on Auto Finance, and Recession Scenarios for Franchise Dealers"</i> , published on 19 July 2022
NPAT	is defined as net profit after tax

Definitions

Non-IFRS Financial Information

PAT	is defined as 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
PCP	is defined as prior corresponding period
PVR	is defined as per vehicle retail
ROS	is defined as Return on Sales which is defined as Underlying Operating Profit Before Tax divided by Revenue from Continuing Operations
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 31 (1H22) and 32 (comparative financial information) of this Investor Presentation for a breakdown of these items
Underlying Operating Profit	is defined as statutory profit adjusted for significant items
VFACTS	is published by the Federal Chamber of Automotive Industries (FCAI) and provides a breakdown of monthly new motor vehicle sales statistics, outlining the number of new cars sold by brand by model
YoY	is defined as the movement year on year

