

ASX/Media Statement

AHG TRADING UPDATE AHEAD OF 2016 AGM

18 November 2016

Automotive Holdings Group (ASX: AHG), Australia's largest automotive retailing and logistics group, provides a trading update ahead of the Company's Annual General Meeting, to be held in Perth at 10.00am (WST) today.

Unaudited Group Operating¹ EBITDA was \$62.7 million for the four months ended 31 October 2016, 7.8% lower than the prior corresponding period ("pcp"). This was principally due to a reduced contribution from AHG's Refrigerated Logistics division, with the division's performance trending as expected in line with H2 FY2016.

AHG expects a significant improvement in earnings from Refrigerated Logistics in H2 FY2017 as the division realises cost savings from the major transformation program and delivers on its revenue growth pipeline.

The Company currently expects to deliver a full year Operating¹ NPAT outcome ahead of FY2016.

Operating ¹ EBITDA – Unaudited	FY2016* Jul-Oct (\$m)	FY2017 Jul-Oct (\$m)	% change
CONSOLIDATED GROUP	68.0	62.7	(7.8%)
Automotive	48.8	52.9	8.4%
Refrigerated Logistics	15.3	7.4	(51.6%)
Other Logistics	2.7	3.2	18.5%
Property	1.3	(0.7)	(153.8%)
Depreciation and Amortisation	(14.5)	(15.6)	7.6%
Group Interest	(12.2)	(14.3)	17.2%
Operating¹ NPAT attributable to shareholders	27.8	22.0	(20.8%)

* Reflects continuing operations so adjusted to exclude the divested Cova business

¹ Excludes costs and fees in relation to integration and acquisition-related activities, impairment of assets and benefits applicable to GST refunds and costs associated with the Refrigerated Logistics transformation program.

Automotive division Operating¹ EBITDA of \$52.9m was up 8.4% on the pcp, driven by a positive contribution from new acquisitions and strong performances by dealerships in New South Wales, Victoria, and New Zealand. The significant downturn in the Western Australian economy has resulted in an ongoing challenging market, with private buyer sales approximately 14.9% lower on the pcp and downwards pressure on both new and used car margins. Action has been taken to further reduce costs and better position WA operations for a recovery in consumer demand.

The Automotive market in Australia remains fragmented and continues to present opportunities for future growth. In addition, AHG is actively looking at new market initiatives with the easyauto123 used car warehouse pilot in Western Australia delivering strong results during FY2016. The model will be rolled out nationally in FY2017.

The Refrigerated Logistics division Operating¹ EBITDA of \$7.4 million was down 51.6% on the pcp. This is trending in line with the division's performance in H2 FY2016. A major transformation program is underway, including moving to a single operational structure, administrative and operational headcount reductions, site consolidation, and the implementation of new commercial and pricing initiatives. These will deliver substantial cost savings and productivity gains through the remainder of FY2017 with an expected full-year annual run rate saving of more than \$20m. The cost savings and revenue growth are expected to drive a significant turnaround in division EBITDA in H2 FY2017.

Group Operating¹ NPAT (unaudited) for the period ending 31 October 2016 was \$22.0 million, down 20.8% on the pcp. The Group experienced higher depreciation and interest charges for the period ending 31 October 2016, reflecting costs of acquisitions made during FY2016 and depreciation to AHG's fleet. A reduction to debt levels following the \$113m capital raising completed in August will result in lower interest charges during the remainder of FY2017. Furthermore, AHG benefited from a one-off \$2.0m gain on the sale of property in the pcp.

AHG CEO and incoming MD John McConnell said that the Company's Automotive division remained well positioned to continue to participate in market growth through continued strategic investments in acquisitions and targeted greenfield developments alongside the pursuit of opportunities in the non-conventional and digital car sales space.

"The diversified nature of the Automotive division, both in terms of the brand portfolio and the geographic footprint, provides a strong platform to withstand the significant downturn in the WA economy," Mr McConnell said.

"The timing of the turnaround in Refrigerated Logistics will be reflected in our first half results, but we have worked hard to implement cost cutting and growth initiatives that are expected to deliver significantly stronger earnings in the second half."

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About AHG Automotive Holdings Group Limited (ASX: AHG) is a diversified automotive retailing and logistics group with operations in every Australian mainland state and in New Zealand. The Company is Australia's largest automotive retailer, with operations in Western Australia, New South Wales, Queensland and Victoria.

AHG's logistics businesses operate throughout Australia via subsidiaries Rand Transport, Harris Refrigerated Transport, Scott's Refrigerated Freightways and JAT Refrigerated Road Services (transport and cold storage), AMCAP (motor parts and industrial supplies distribution), VSE (vehicle storage and engineering), Genuine Truck Bodies (body building services to the truck industry), Higer Bus (bus and truck importation and distribution), and KTM Sportmotorcycles and HQVA (KTM and Husqvarna motorcycle importation and distribution in Australia and New Zealand).

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