

ASX/MEDIA STATEMENT
16 August 2019

REFRIGERATED LOGISTICS BUSINESS UPDATE

Automotive Holdings Group Limited (ASX: AHG) today provides an update on the strategic review of the Refrigerated Logistics division and the review of the carrying value of receivables generated from the business across prior financial years and FY2019.

The strategic review was initiated in February 2019 (Refer: ASX Announcement, 22 February 2019 *"AHG Reports Half-Year Results and Strategic Review of Refrigerated Logistics"*). The receivables review was conducted with the assistance of external advisors following extensive upgrades to the Refrigerated Logistics division's computer systems (Refer: ASX Announcement released 14 May 2019 *"Trading Update"*).

OUTCOME OF RECEIVABLES REVIEW

The receivables review has shown a material overstatement of the Refrigerated Logistics division's revenues in FY2018, the quantum of which is approximately \$18 million pre-tax. This will result in a restatement of the Company's FY2018 results. The impact of the misstatement for FY2018 will be included in the Notes to AHG's upcoming ASX 4E and Consolidated Financial Statements for FY2019.

The overstatement of revenues in FY2018 arose as a consequence of complexities associated with the introduction of the new computer systems for transport management.

As a result of the restatement, the Company will be required to further write-down the carrying value of the Refrigerated Logistics division by \$24 million.

OUTCOME OF STRATEGIC REVIEW

The AHG Board has now concluded its strategic review of the Refrigerated Logistics division, and determined that a sale of the Refrigerated Logistics division is the preferred option to maximise shareholder value. A formal sale process will be pursued as a strategic priority for the Company.

There is no certainty that AHG will receive an acceptable offer for the Refrigerated Logistics division or that a transaction will be implemented. AHG does not intend to provide further updates to the market on this process (having regard to its disclosure obligations under the ASX Listing Rules and otherwise).

AHG has informed AP Eagers of the outcome of the strategic review. AHG's intention to pursue a sale of the Refrigerated Logistics division is also consistent with AP Eagers' intent as contained in its Bidder's Statement.

UBS and Luminis Partners continue to be retained as joint financial advisers, and Ashurst continues to act as legal adviser to AHG, in respect of the sale process arising from conclusion of the strategic review.

TRADING UPDATE

Subject to completion of the final audit processes in respect of AHG's financial results for FY2019, the Company affirms its previous guidance for FY2019 Operating NPAT¹ of approximately \$50 million (refer ASX Announcement 14 May 2019 "*Trading Update*").

ENDS

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¹ **Operating NPAT** means statutory NPAT adjusted for unusual items including impairment of current and non-current assets, costs relating to restructure of operations and discontinued operations, net costs relating to integration, acquisition and divestment activities, the costs associated with responding to AP Eagers' takeover offer.