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**ASX / MEDIA STATEMENT**
22 August 2019

**AHG FULL YEAR RESULTS**

***The Board of AHG has committed to an active plan to sell the Refrigerated Logistics business. Therefore, in preparing these results AHG has accounted for the Refrigerated Logistics segment as a discontinued operation for the reporting period ending 30 June 2019, with the Automotive Retail, Trucks, Other Logistics and Property segments accounted for as continuing operations.**

**The Company reports Operating[1] NPAT for the full year to 30 June 2019 of $58.7 million from continuing operations. Had Refrigerated Logistics been included in continuing operations Operating[1] NPAT would be $48.6 million when using the same methodology used in providing guidance to the market on 14 May 2019 of an Operating NPAT result of approximately $50 million.**

STATUTORY RESULT (INCLUDING DISCONTINUED OPERATIONS)
- Statutory IFRS loss after tax $232.6 million ($20.1m profit pcp)
- Statutory EPS loss 70.2 cents (6.1 cents profit pcp)

FOR CONTINUING OPERATIONS*
- Statutory loss of $125.7 million ($63.9m pcp)
- Group revenue of $5.92 billion ($5.88b pcp)
- Operating[1] EBITDA of $168.0 million ($170.3m pcp)
- Operating[1] EBITDA margin 2.8% (2.9% pcp)
- Operating[1] NPAT of $58.7 million ($75.2m pcp)
- Operating[1] EPS 17.7 cents (22.7c pcp)
- Unusual items $184.4 million ($11.4m pcp)

**STATUTORY RESULT (INCLUDING DISCONTINUED OPERATIONS)**

The statutory IFRS loss after tax attributable to members for the year ended 30 June 2019 was $232.6 million compared with profit of $20.1 million in the prior corresponding period.

The results reflect the challenging conditions in franchised automotive retail volumes and margins, as well as weaker than expected H2 performance in AHG's Refrigerated Logistics division.

Unusual items (including discontinued operations) in the current year totalled $281.3 million after tax (2018: $42.1 million). Included in this amount is $218.5m for impairment of intangibles; $32.2m for restructuring and discontinued operations costs and $30.6m for other items. $249.8m of these unusual items were announced at the half-year.

The Board has recommended no dividend be declared for FY2019 in line with its commitment at the half-year to focus on reducing the Company’s gearing.

Operating[1] – net of unusual items: 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, and costs associated with responding to the APE offer.

## OPERATING RESULT (CONTINUING OPERATIONS)

### Automotive retail (Franchised Automotive, easyauto123)

FY2019 was a challenging period for the automotive retail sector, with the impacts of the banking Royal Commission, the negative wealth effect in the Australian housing market and broader economic uncertainty.

While the Australian new car market remains in decline, margins remain under pressure, however there are signs the decline in new car sales is slowing. The regulatory changes to finance and insurance continue to impact dealership operations however the introduction of new finance products should result in improved penetration rates over time.

The **easyauto123** business has continued to build momentum and improve both sales volume and financial performance.

### Trucks

Given the increasing contribution from, and scale of, the Trucks business, the Company has decided to report this segment separately.

The business's strong brand portfolio and relationships with major customers helped to deliver significant increases in revenue and earnings compared with FY2018.

### Other Logistics

The Company's AMCAP business delivered consistent year-on-year performance.

On 10 July 2019 AHG advised shareholders the Company had completed the sale of its interest in Motorcycle Distributors Australia Pty Ltd (MDA) to the Austrian-based company KTM Sportmotorcycles GmbH (KTMS) as announced to the market on 6th June 2019.

The Company has written down the value of the businesses in this segment and is further reviewing the operations.

## OPERATING RESULT (DISCONTINUED OPERATIONS)

### Refrigerated Logistics

The Refrigerated Logistics business recorded an Operating[1] loss before tax of $12.9 million compared with an Operating[1] loss before tax of $19.9 million (restated from $2.0m) for FY2018. The result reflected the challenges associated with, amongst other matters, the implementation of new computer systems for transport management, the disruption caused by the aborted HNA sale process and weaker than expected trading conditions across the reporting period.

On 16 August 2019 AHG provided 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 concluded that the sale of the Refrigerated Logistics division was the preferred option to maximise shareholder value.

Operating[1] – net of unusual items: 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, and costs associated with responding to the APE offer.

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

As a result of the restatement, the Company has further written-down the carrying value of the Refrigerated Logistics division by $24 million.

**AP EAGERS MERGER OFFER**

As announced to the market on 16 August 2019 AP Eagers Limited (AP Eagers) has waived all of the defeating conditions to the Offer to acquire all of the ordinary shares in AHG that it does not already own (Offer).

The AHG Board **UNANIMOUSLY RECOMMENDS** that AHG shareholders now accept the Offer, in the absence of a superior proposal. Each of the Directors of AHG has accepted the AP Eagers Offer for all the shares they own or control. The current closing date of the Offer remains 7.00pm (Sydney time) on 16 September 2019.

AHG shareholders who accept the AP Eagers Offer will be entitled to receive any dividend that AP Eagers declares before the end of the Offer period.

ENDS


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Operating[1] – net of unusual items: 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, and costs associated with responding to the APE offer.

# FY2019 FULL YEAR RESULTS

**Friday 23 August 2019**

# Disclaimer

This presentation contains forward looking statements that are subject to risk factors associated with automotive retail and logistics businesses.

The Company believes that the expectations reflected in these statements are reasonable as at the date of this presentation but they may be affected by variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to: fiscal and regulatory developments, changes in accounting standards, economic and financial market conditions, price or currency fluctuations, actual demand, loss of market, industry competition, environmental risks, physical risks, non-completion of acquisitions or divestments, and project delay or advancement, approvals and cost estimates.

Readers are cautioned not to place undue reliance on any forward looking statements. Past performance cannot be relied on as a guide to future performance.

No representation is made or will be made that any forward looking statements will be achieved or will prove to be correct. We do not undertake to update or revise any forward looking statement, whether as a result of new information, future events or otherwise.

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References to “AHG” may be references to Automotive Holdings Group Limited or its subsidiaries. All references to dollars, cents or $ in this presentation are to Australian currency, unless otherwise stated.

# Update on AP Eagers Merger Offer

- ACCC merger clearance became effective on 16 August 2019
- AP Eagers has declared its Offer unconditional
- At 22 August 2019, AP Eagers had a relevant interest in 67.6% of AHG's shares and the prospect of a superior proposal appears minimal
- AHG shareholders who accept the Offer will:
  - be issued AP Eagers shares within 7 business days of their acceptance being received
  - be entitled to receive any dividend declared by AP Eagers prior to the end of the Offer period
- The Offer closes at 7pm (Sydney time) on 16 September 2019 (unless extended by AP Eagers)

**The AHG Board unanimously recommends that AHG shareholders accept the Offer, in the absence of a superior proposal**

# Update on Refrigerated Logistics strategic review

- AHG announced in February 2019 that it had initiated a strategic review of its Refrigerated Logistics division (RL)
- The AHG Board has now concluded the strategic review, and determined that a sale of the RL division is the preferred option to maximise shareholder value
- AHG has informed AP Eagers of the outcome of the strategic review and AHG's intention to pursue a sale of the RL division is consistent with AP Eagers' intent as contained in its Bidder's Statement
- A formal sale process has commenced
- AHG has been encouraged by the level of enquiry received in relation to the RL division
- Luminis Partners and UBS are advising AHG on the sale process

# The full year result in review

Operating[1] NPAT of $58.7m from continuing operations*

*[$48.6m against May guidance when discontinued operations included]*

- Statutory IFRS loss after tax $232.6 million ($20.1m profit pcp)
- Statutory EPS loss 70.2 cents (6.1 cents profit pcp)

- FOR CONTINUING OPERATIONS*
- Statutory loss of $125.7 million ($63.9m pcp)
- Group revenue of $5.92 billion ($5.88b pcp)
- Operating[1] EBITDA of $168.0 million ($170.3m pcp)
- Operating[1] EBITDA margin 2.8% (2.9% pcp)
- Operating[1] NPAT of $58.7 million ($75.2m pcp)
- Operating[1] EPS 17.7 cents (22.7c pcp)
- Unusual items $184.4 million ($11.4 million pcp)

**As of 30 June 2019, the Board of AHG has committed to an active plan to sell the Refrigerated Logistics business. AHG has accounted for the Refrigerated Logistics segment as a discontinued operation for the reporting period ending 30 June 2019, with the Automotive Retail, Trucks, Other Logistics and Property segments accounted for as continuing operations.*



Operating[1] – net of unusual items: 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, and costs associated with responding to the APE offer.

# The full year result in review

## Refrigerated Logistics review and restatement

- Feb/May 2019 – review of the carrying value of receivables generated from the business across prior financial years and FY2019.
- Review conducted with the assistance of external advisors following extensive upgrades to the Refrigerated Logistics division's computer systems.
- Showed a material overstatement of the Refrigerated Logistics division's revenues in FY2018, the quantum of which is approximately $18 million pre-tax.
- This has resulted in a restatement of the Company's FY2018 results. The impact of the misstatement for FY2018 is included in the Notes to AHG's ASX Form 4E and Consolidated Financial Statements for FY2019.
- The overstatement of revenues in FY2018 arose as a consequence of complexities associated with, amongst other matters, the introduction of the new computer systems for transport management.
- As a result of the restatement, the Company has further written-down the carrying value of the Refrigerated Logistics division by $24 million.

**As of 30 June 2019, the Board of AHG has committed to an active plan to sell the Refrigerated Logistics business. AHG has accounted for the Refrigerated Logistics segment as a discontinued operation for the reporting period ending 30 June 2019, with the Automotive Retail, Trucks, Other Logistics and Property segments accounted for as continuing operations.*



Operating[1] – net of unusual items: 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, and costs associated with responding to the APE offer.

# Financial performance (continuing operations)

| Consolidated Financial Performance | FY2019 ($m) | FY2018 ($m) | % change |
|---|---|---|---|
| **Operating[1] Performance** | | | |
| Revenue | 5,915.2 | 5,875.8 | 0.7% |
| EBITDA | 168.0 | 170.3 | (1.3%) |
| EBITDA % | 2.8% | 2.9% | |
| EBIT | 131.0 | 147.0 | (10.9%) |
| EBIT % | 2.2% | 2.5% | |
| Operating[1] Net Profit after Tax | 58.7 | 75.2 | (22.0%) |
| Earnings Per Share (cps) | 17.7 | 22.7 | |
| | | | |
| **Statutory IFRS Performance** | | | |
| Unusual items | (184.4) | (11.4) | |
| Statutory Net Profit / (Loss) after Tax | (125.7) | 63.9 | (296.8%) |
| Earnings Per Share (cps) | (37.9) | 19.3 | |

- Challenging conditions in franchised auto retail volumes and margins
- Easyauto123 investment
- Strong performance from Trucks
- Higher interest costs



Operating[1] – net of unusual items: 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, and costs associated with responding to the APE offer.

# Balance sheet / Operating cashflow

| | 30 June 2018 ($m) | 30 June 2019 ($m) | 30 June 2019 ($m) |
|---|---|---|---|
| | | Consolidated | Continuing |
| Total Borrowings | 1,346.1 | 1,326.1 | 1,173.5 |
| Cash and Cash Equivalents | -73.0 | -94.5 | -80.6 |
| Net Debt | 1,273.1 | 1,231.6 | 1,092.9 |
| Inventory Finance (Floorplan) | -989.1 | -1,002.3 | -952.4 |
| **Net Debt - excluding Floorplan Finance** | **283.9** | **229.2** | **140.5** |
| Interest Cover (times) | 3.2* | 2.5 | 2.9 |
| | | | |
| **Gearing Ratio** | | | |
| Net Debt + Equity - excluding Floorplan Finance | 1,060.5* | 736.0 | 653.3 |
| **Net Debt / [Net Debt + Equity] - excluding Floorplan Finance** | **26.8%*** | **31.1%** | **21.5%** |

*restated

- Cashflow solid but lower than PCP
- Capex controlled
- Properties sold
- Debt reduction focus

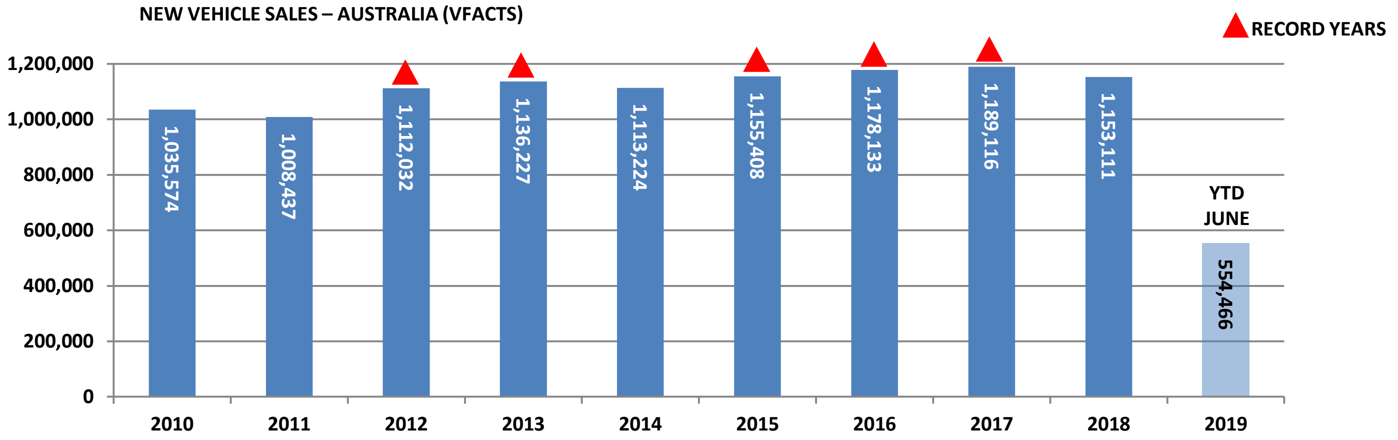
# Reconciliation of Statutory IFRS NPAT to Operating[1] non-IFRS NPAT

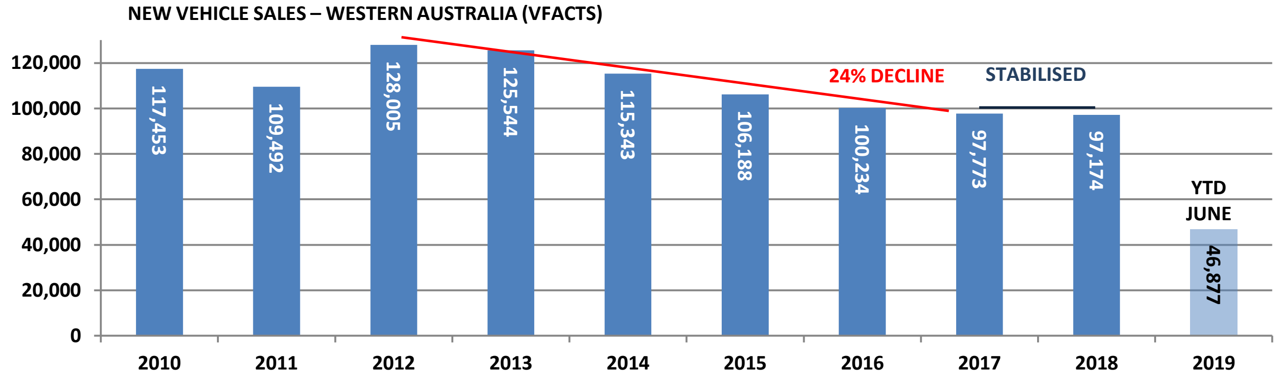
| | FY2019 $'000 | FY2018 $'000 |
|---|---|---|
| **Statutory IFRS Profit (net of tax) attributable to members (Continuing operations only)** | (125,697) | **63,883** |
| Add back unusual items | | |
| Impairment of goodwill and franchise rights | 139,739 | - |
| Costs relating to restructure of operations, including trading losses, impairment of current and non-current assets and onerous lease provisions | 32,227 | 10,989 |
| Impairment of other current and non-current assets – Receivables, PPE and IT | 13,796 | - |
| Net costs relating to integration, acquisition and divestment activities, including sale of properties, and costs associated with responding to the APE offer | (1,342) | 368 |
| | | |
| **Operating[1] Non-IFRS Profit (net of tax) attributable to members (Continuing operations only)** | **58,723** | **75,240** |



Operating[1] – net of unusual items: 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, and costs associated with responding to the APE offer.

# Australian New Vehicle Market Data




National market down slightly in CY2018 and down 8.4% YTD June

# Automotive segment result (excluding AHG Trucks)

| Operating[1] Performance | FY2019 ($m) | FY2018 ($m) | % change |
|---|---|---|---|
| Revenue | 5,054.9 | 5,050.2 | 0.1% |
| EBITDA | 136.6 | 154.1 | (11.4) |
| EBITDA % | 2.7% | 3.1% | |
| EBIT | 116.6 | 136.0 | (14.3%) |
| EBIT % | 2.3% | 2.7% | |
| Profit Before Tax | 81.6 | 110.2 | (25.9) |

Segment comprises:

- Franchised Automotive Cars
- easyauto123
- Carlins Automotive Auctions
- 360 Finance

Operating[1] – net of unusual items: 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, and costs associated with responding to the APE offer.

# Automotive performance (excluding Trucks and easyauto123)

| Operating[1] Performance | FY2019 ($m) | FY2018 ($m) | % change |
|---|---|---|---|
| Revenue | 4,904.0 | 4,922.8 | (0.4%) |
| EBITDA | 144.9 | 160.3 | (9.6%) |
| EBITDA % | 3.0% | 3.3% | |
| EBIT | 125.7 | 142.7 | (11.9%) |
| EBIT % | 2.6% | 2.9% | |
| Profit Before Tax | 92.0 | 118.1 | (22.1%) |

- Automotive volumes down 1.2%
- F&I margin reduction
- Solid service and parts contributions
- Moving to improve Victorian dealership performance

Operating[1] – net of unusual items: 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, and costs associated with responding to the APE offer.

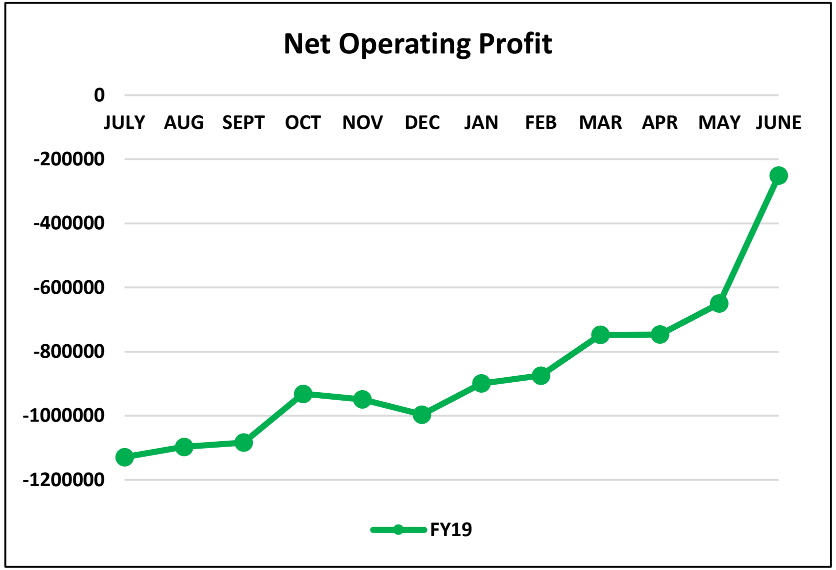
# Automotive performance – easyauto123

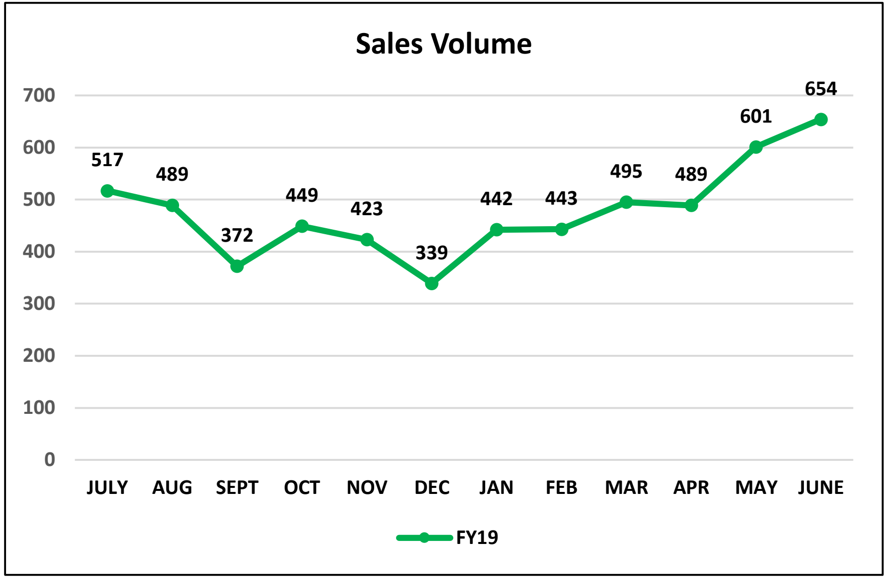
| Operating[1] Performance | FY2019 ($m) | FY2018 ($m) | % change |
|---|---|---|---|
| Revenue | 150.9 | 127.4 | 18.4% |
| EBITDA | (8.3) | (6.1) | (36.5%) |
| EBITDA % | (5.5%) | (4.8%) | |
| EBIT | (9.1) | (6.7) | (36.5%) |
| EBIT % | (6.0%) | (5.2%) | |
| Profit / (Loss) Before Tax | (10.4) | (7.9) | (31.0%) |

- Continues to build momentum
- Increased sales volumes and progressive improvement in financial performance

Operating[1] – net of unusual items: 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, and costs associated with responding to the APE offer.

# Automotive performance – easyauto123



# Automotive performance – AHG Trucks

| Operating[1] Performance | FY2019 ($m) | FY2018 ($m) | % change |
|---|---|---|---|
| Revenue | 600.3 | 562.7 | 6.7% |
| EBITDA | 25.8 | 11.9 | 116.1% |
| EBITDA % | 4.3% | 2.1% | |
| EBIT | 11.5 | 9.5 | 21.2% |
| EBIT % | 1.9% | 1.7% | |
| Profit Before Tax | 6.9 | 6.5 | 5.5% |

- Separate segment for reporting given increasing contribution and scale
- Increased revenue and earnings
- Strong brand portfolio and customer relationships
- EBITDA and depreciation higher due to AASB15

Operating[1] – net of unusual items: 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, and costs associated with responding to the APE offer.

# Refrigerated Logistics performance (discontinued)

| Operating[1] Performance | FY2019 ($m) | FY2018 ($m) Restated | % change |
|---|---|---|---|
| Revenue | 573.6 | 580.3 | (1.2%) |
| EBITDA | 22.8 | 19.8 | 15.4% |
| EBITDA % | 4.0% | 3.4% | |
| EBIT | (7.8) | (9.4) | 17.5% |
| EBIT % | (1.4%) | (1.6%) | |
| Profit / (Loss) Before Tax | (12.9) | (19.9) | 35.1% |

- Weaker than expected trading conditions
- Impacted by new systems implementation
- HNA bid disruption overhang
- Sale process underway

Operating[1] – net of unusual items: 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, and costs associated with responding to the APE offer.

# Other Logistics performance

| Operating[1] Performance | FY2019 ($m) | FY2018 ($m) | % change |
|---|---|---|---|
| Revenue | 259.6 | 262.5 | (1.1%) |
| EBITDA | 6.8 | 7.1 | (4.7%) |
| EBITDA % | 2.6% | 2.7% | |
| EBIT | 4.1 | 4.4 | (6.9%) |
| EBIT % | 1.6% | 1.7% | |
| Profit / (Loss) Before Tax | (0.6) | 3.8 | (115.1%) |

- AMCAP performance stable
- KTM and Husqvarna operation sold
- Further review of smaller scale businesses

Operating[1] – net of unusual items: 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, and costs associated with responding to the APE offer.

# FY2019 FULL YEAR RESULTS

**Friday 23 August 2019**