



AUTOMOTIVE HOLDINGS GROUP

Automotive Holdings Group Limited
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ASX SPOTLIGHT ASIA SERIES PRESENTATION

27 October 2015

AHG is today making the attached presentation in Singapore to the ASX Spotlight Asia conference series.

The same presentation will be made in Hong Kong on Thursday.

ENDS

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 dealerships 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 and Cova (motor parts and industrial supplies distribution), VSE (vehicle storage and engineering), Genuine Truck Bodies (body building services to the truck industry), WMC (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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ASX Spotlight
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October 2015



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Company overview



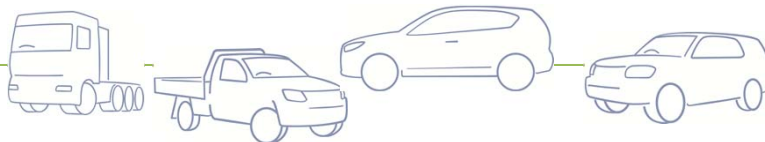
ASX 200 Company with a market capitalisation of ~\$1.27 billion
In excess of \$5 billion in revenue



More than 7,500 employees across Australia and New Zealand

AUTOMOTIVE

- ❑ Australia's largest automotive retailer
- ❑ 182 franchises at 105 dealerships
- ❑ Sale of new and used cars and trucks
- ❑ Vehicle servicing
- ❑ Aftercare (parts and accessories)
- ❑ Finance and Insurance



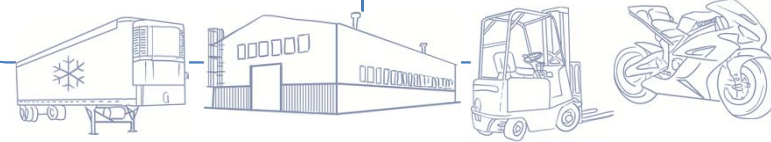
LOGISTICS

Refrigerated Logistics

Australia's largest provider
of temperature controlled
logistics solutions

Other Logistics

Wholesale distribution of
automotive parts, mining
supplies, KTM and Husqvarna
motorcycles, truck body building
services and vehicle storage, bus
importation and distribution



FY2015 in review

FY2015 Statutory profit up 20.8% to \$88.1m driven by outperformance in Automotive segment

Financial Performance

- \$5.2bn in Revenue (up 10.8%)
- Operating NPAT of \$94.2m (up 20.0%)
- Operating EBIT margins up 0.2% to 3.3%
- Operating EPS up 6.0% to 30.7 cents

Operational Achievements

- Strong contribution from Bradstreet Motor Group
- Improved Auto performance in NSW, Qld, Vic and NZ
- Opening of world class Daimler Trucks facility in WA
- Completion of Erskine Park cold store in Sydney
- Opening of Truck service facility in Newman (WA)
- New acquisitions/Greenfield (Paceway Mitsubishi WA, Leo Muller CJD Qld and Hillcrest Mazda Qld)

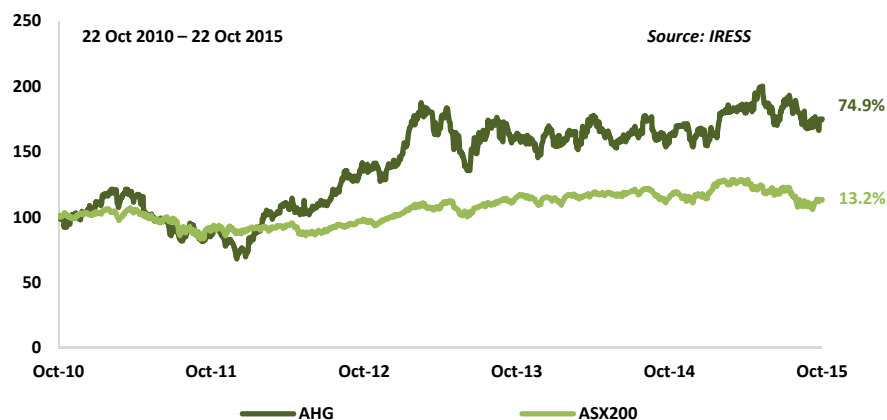
Outlook

- Acquisitions and Divestments underway (Mercedes/Covs)
- Sale of property in NSW and Queensland to fund growth
- Profit improvement focus in Refrigerated Logistics
- Restructure and/or divesting underperforming businesses
- Specific cost-down and productivity improvement initiatives

Shareholder returns profile



Share Price Performance – Five years



22 Oct 2015	AHG	ASX 200
Share price	\$4.14	5,263.84
1-Yr TSR ²	13.0%	2.3%
3-Yr TSR ²	50.3%	32.4%
5-Yr TSR ²	135.9%	41.9%

²Includes capital growth and reinvestment of dividends

Market Snapshot (22 Oct 2015)

Ticker	ASX : AHG
Share Price (22 Oct 2015)	\$4.04
Shares on Issue	306,541,437
Market Capitalisation	\$1.24 billion

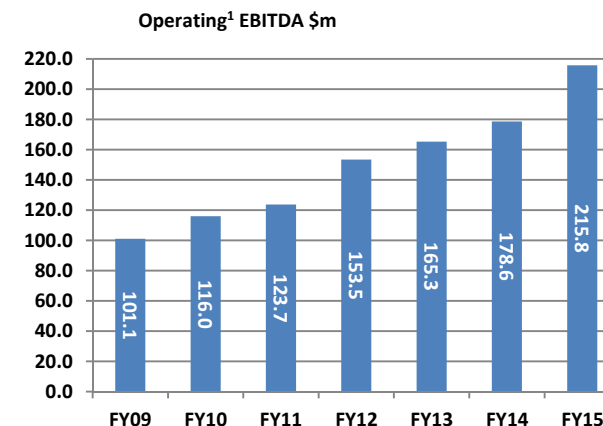
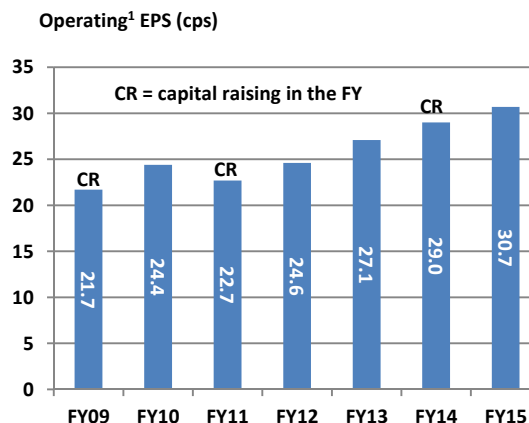
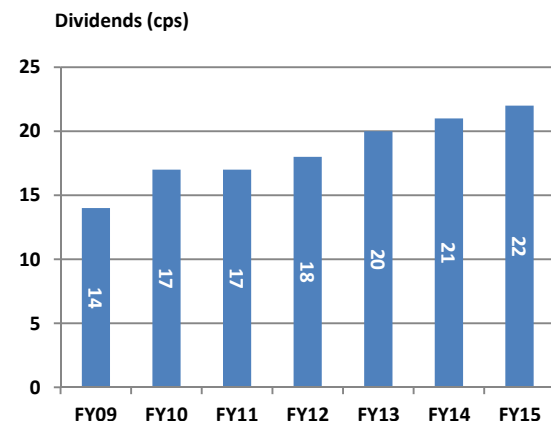
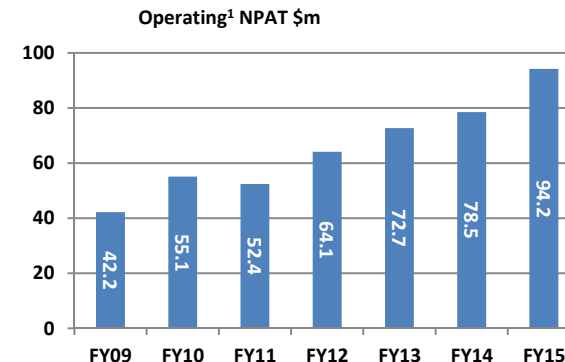
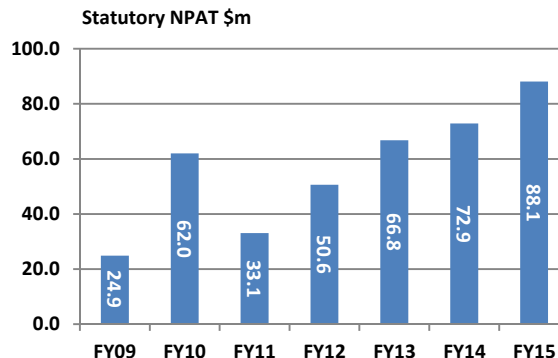
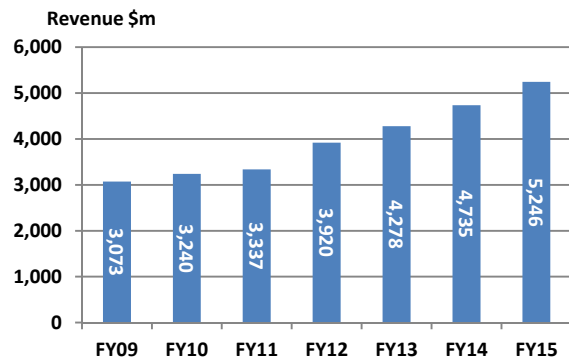
Divisional Split* (FY2015)



History of sustained growth



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AHG – Consolidated financial performance FY2015



Consolidated Financial Performance	FY2014 (\$m)	FY2015 (\$m)	% change
Operating¹ Performance			
Revenue	4,734.8	5,245.8	10.8%
EBITDA	178.6	215.8	20.8%
EBITDA %	3.8%	4.1%	
EBIT	148.3	175.2	18.2%
EBIT %	3.1%	3.3%	
Operating Net Profit after Tax	78.5	94.2	20.0%
Earnings Per Share (cps)	29.0	30.7	6.0%
Interest Cover (times)	4.8	5.2	
Statutory IFRS Profit after Tax			
Net Integration and Acquisition, Asset Divestment and Sale of Properties	(5.6)	(6.1)	
Statutory Net Profit after Tax	72.9	88.1	20.8%
Earnings Per Share (cps)	26.9	28.7	6.7%

- \$5.2 billion in Revenues up 10.8% on FY2014
- Record Operating¹ NPAT of \$94.2 million
- Statutory IFRS profit of \$88.1 million
- Operating¹ EBIT and EBITDA margins improved
- Increased Operating¹ EPS (up 6.0%)
- Strong interest cover



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Automotive



Automotive highlights



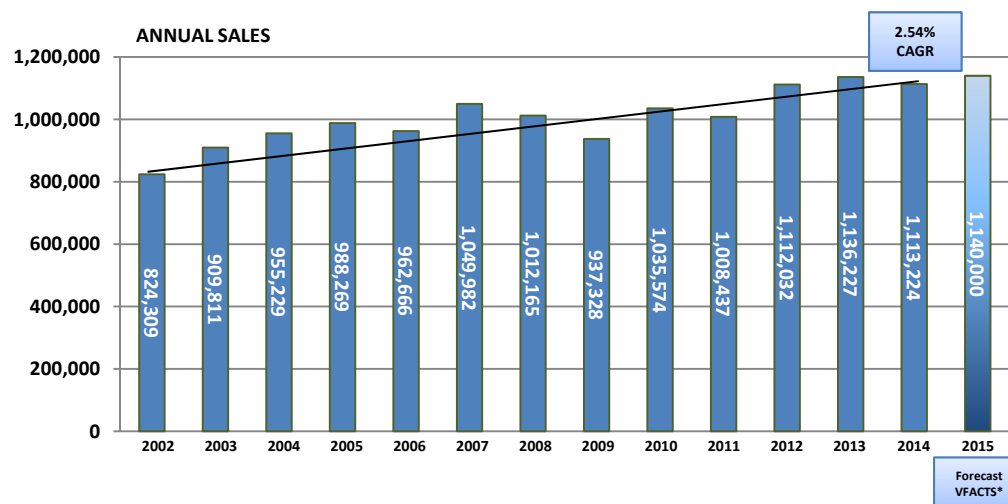
- AHG outperformed the wider market in WA in the FY2015 financial year
- Overall automotive business continues to perform well in Q1 of FY2016
- Strong growth in East Coast markets offsetting weakness in WA
- New Zealand operation performing well with strongest month ever in September 2015
- Acquisition of Mercedes Benz now approved by manufacturer and expected to settle end of October 2015
- VW emissions scandal a watching brief but minimal impact on current operations (AHG has 5 VW dealerships out of a total of 105)



National sales of new vehicles remain strong outside WA



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- Private sector represents 53.8% of the market
- AHG presence in strong growth markets in NSW, Vic and Qld
- WA market tougher but AHG performing well
- Acquisitions contributing to AHG's increased market share
- New vehicle sales tracking towards 1.14 million vehicles

YTD Sales Units Analysis History by State

NEW VEHICLE SALES UNITS	Sept CY14	Sept CY15	Sept '15 v Sept '14
NSW	265,660	283,746	6.8%
VIC	224,098	233,680	4.3%
QLD	168,862	178,468	5.7%
WA	87,790	79,961	-8.9%
SA/TAS/ACT/NT	86,538	86,977	0.5%
Total	832,948	862,832	3.6%

YTD Sales Units Analysis History by buyer Type

NEW VEHICLE SALES UNITS	Sept CY14	Sept CY15	Sept '15 v Sept '14
Private	443,649	464,099	4.6%
Business	295,208	304,674	3.2%
Government	31,691	31,157	-1.7%
Rental	39,490	39,334	-0.4%
Heavy Commercial	22,910	23,568	2.9%
Total	832,948	862,832	3.6%

Automotive Operating¹ Performance



Operating ¹ Performance	FY2014 (\$m)	FY2015 (\$m)	% change
Revenue	3,883.3	4,271.1	10.0%
EBITDA	132.5	161.2	21.7%
<i>EBITDA Margin (%)</i>	<i>3.4%</i>	<i>3.8%</i>	
EBIT	116.9	143.4	22.7%
<i>EBIT Margin (%)</i>	<i>3.0%</i>	<i>3.4%</i>	
Profit Before Tax	95.4	122.0	27.8%

- Revenues up 10% mainly due to Bradstreet Motor Group acquisition
- Operating¹ Profit before tax up 27.8% to \$122.0
- Increase in EBIT and EBITDA margins
- Automotive result includes 10.5 months contribution from Bradstreet Motor Group
- WA dealerships revenue slightly down but outperformed the broader WA market
- Growth in NSW, Queensland, Victoria and New Zealand operations
- Strong fixed operations (service, parts) performances

Operating¹ – excludes costs and fees in relation to integration and acquisition-related activities, impairment of assets and benefits applicable to GST refunds (Son of Holdback)



Franchise relationships are important



- 23 passenger brands in Australia including 12 of the top 13*
- 13 truck brands^
- Long term partnerships
- State-of-the-art facilities
- AHG's scale offers a wide range of choice and benefits to its customers
- Addition of Mercedes passenger car brand in WA extends reach into the luxury market

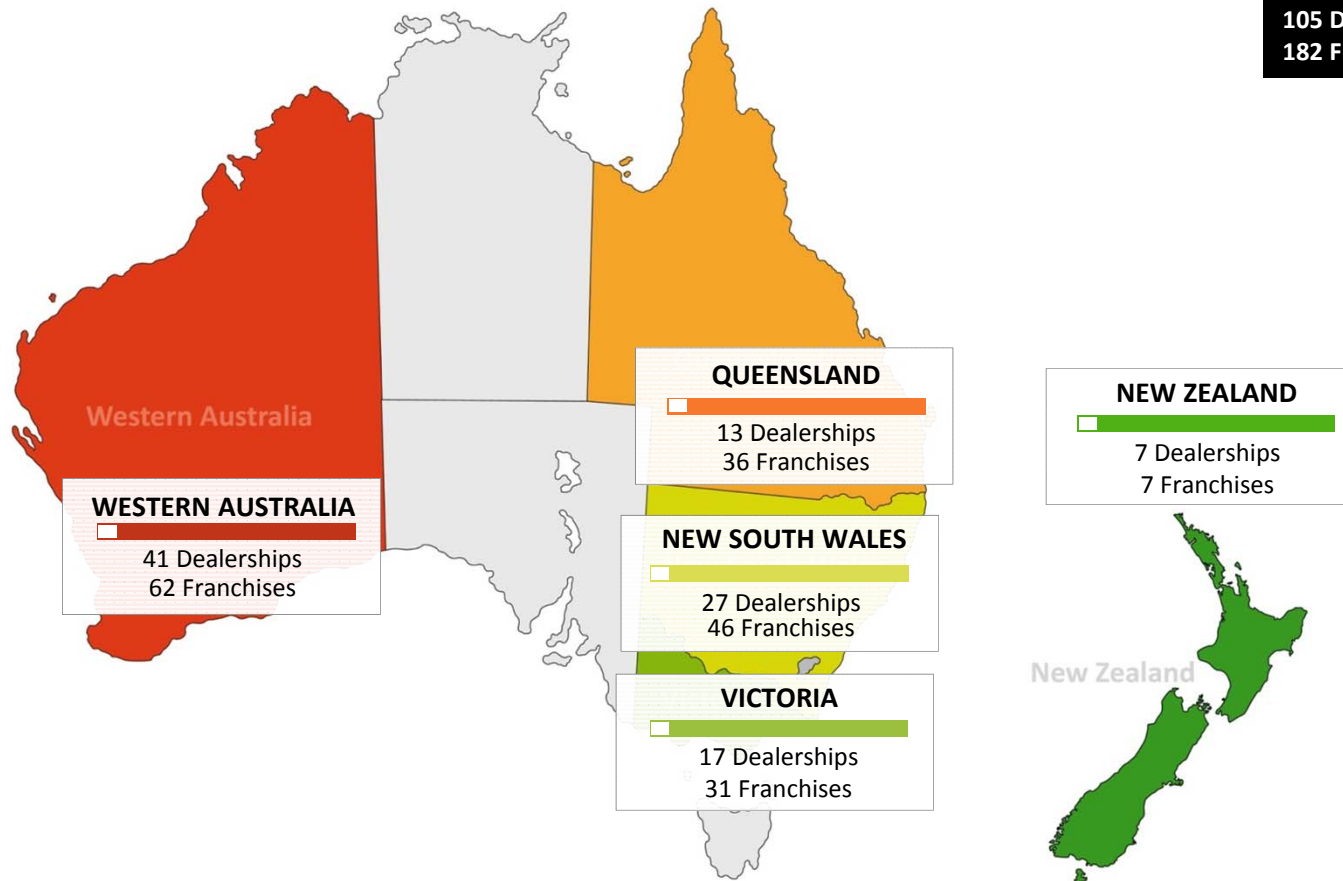


Geographical location of AHG Dealerships

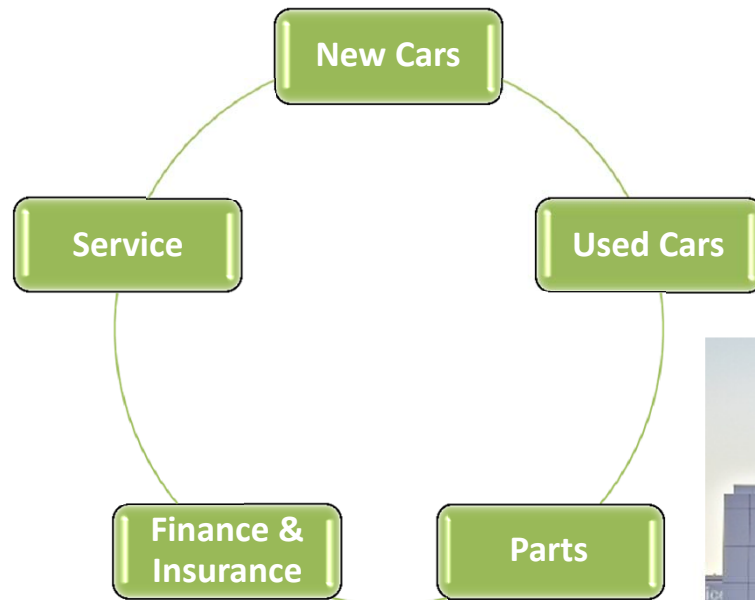


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105 Dealership locations
182 Franchises



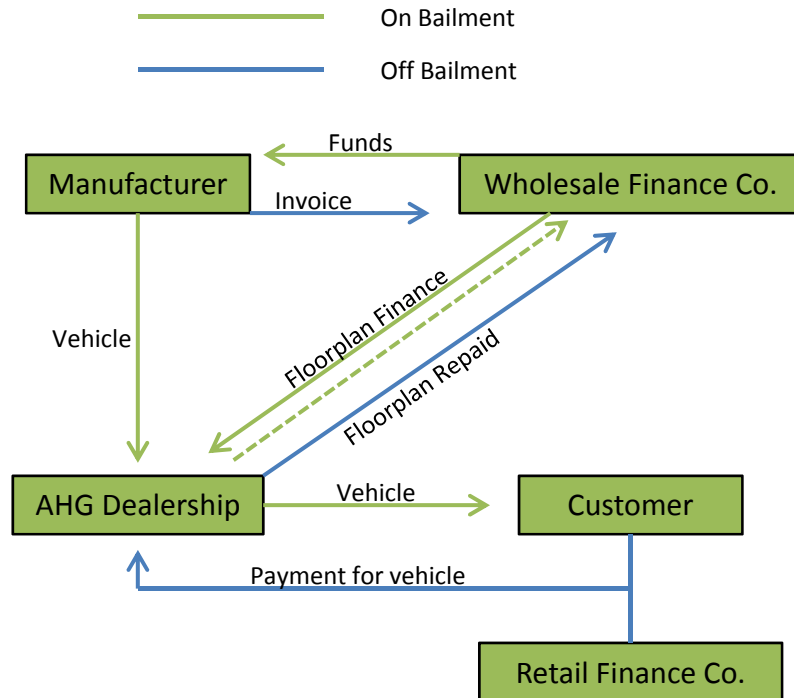
Dealership revenue streams



- Strict measurement and reporting processes
- Industry benchmarking across departments
- High penetration rates across Finance & Insurance (F&I)
- Strong CRM programs drive service retention
- Service department revenue opportunities



Floorplan finance (Bailment) explained



Manufacturer invoices Wholesale Finance Co. (WFC)

WFC pays Manufacturer and debits Dealership Floorplan Account

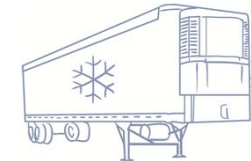
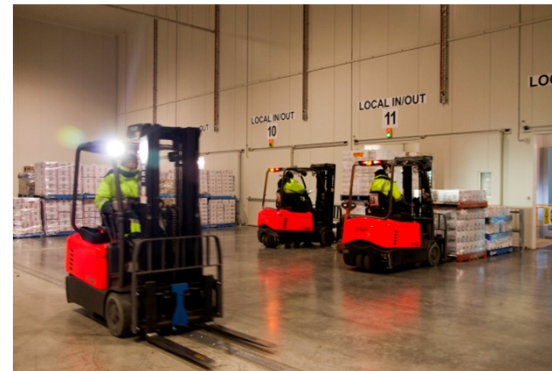
Manufacturer delivers vehicle to Dealership

Dealership pays interest* to WFC on vehicle price (excludes GST)

Dealership sells vehicle to customer

Customer or Retail Finance Co. pays Dealership

Dealership pays WFC within two days of sale (includes GST)



Refrigerated Logistics

Refrigerated logistics highlights



- Market continues to be challenging but significant increase in demand occurring as we head into Christmas period
- Cold store utilisation volumes significantly higher
- Investment in core technology infrastructure well advanced
- Progress made in consolidating trading sites and eliminating duplicated functions
- Substantive activities in relation to cost down and efficiency initiatives with a dedicated project structure now in place



Refrigerated Logistics Operating¹ performance



Operating ¹ Performance	FY2014 (\$m)	FY2015 (\$m)	% change
Revenue	429.7	609.1	41.7%
EBITDA	29.7	45.2	52.4%
<i>EBITDA Margin (%)</i>	6.9%	7.4%	
Profit Before Tax	14.2	20.2	42.8%

- Business reflects full 12 months of Scott's acquisition
- Improved EBITDA margin of 7.4%
- Revenue growth lower than expected due to weaker transport demand
- Rent overhang on old leases largely finished
- New Erskine Park facility not yet at optimal utilisation but ahead of expectations

Operating¹ – excludes costs and fees in relation to integration and acquisition-related activities, impairment of assets and benefits applicable to GST refunds (Son of Holdback)



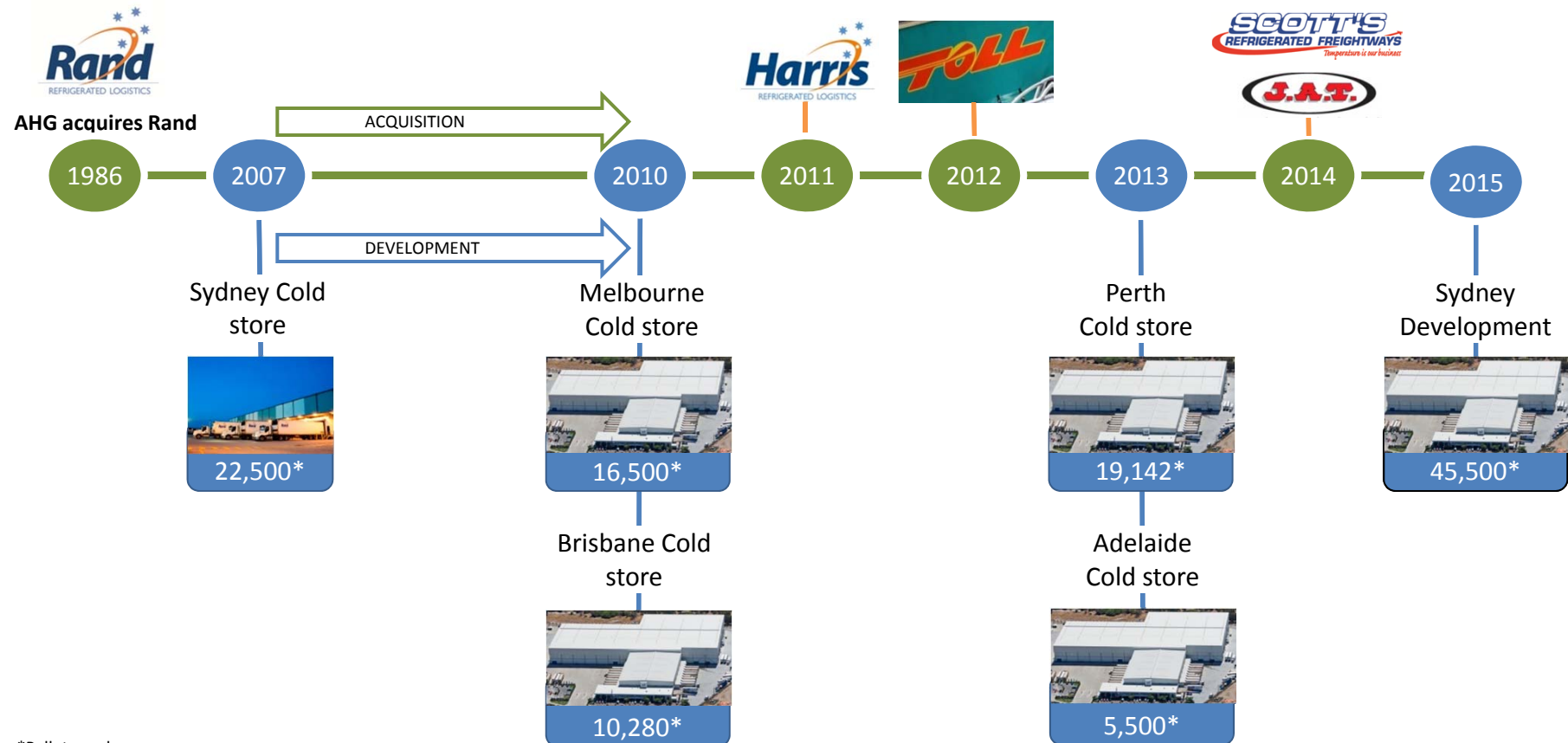
Positioned for further growth



- Australia's largest Refrigerated Logistics provider
- Enhanced customer value proposition and operational synergies
- Primary supplier to national manufacturers, wholesalers and major retailers
- New state-of-the-art, custom-designed facilities in all states
- Major road and rail transport capacity
 - ~470 owned prime movers and rigids
 - ~1,000 owned road trailers
 - ~490 owned rail containers
 - Major network of 300 sub-contractor prime movers and rigids

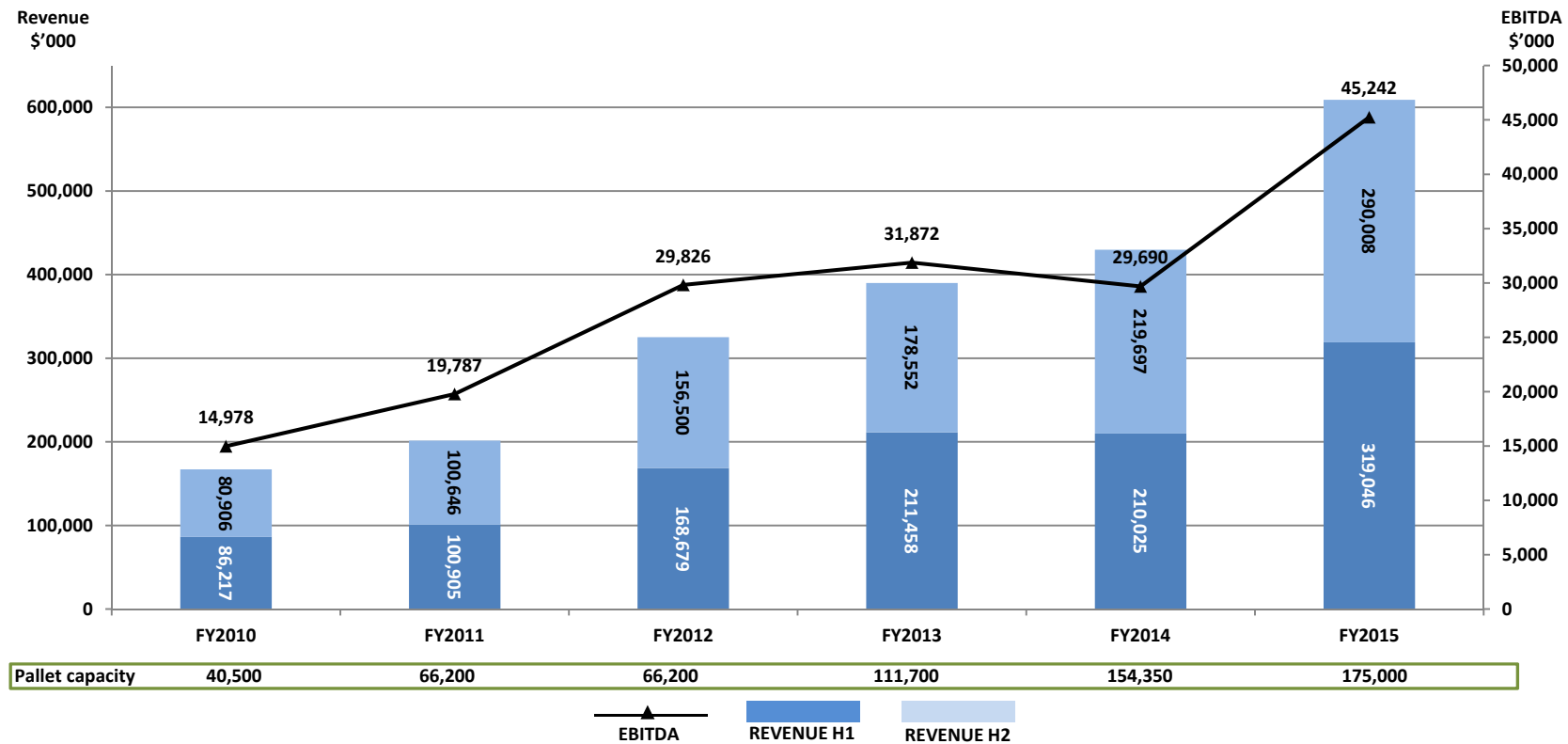


The evolution of AHG Refrigerated Logistics



Significant growth from investment

Combined Refrigerated Logistics performance (Rand/Scott's)



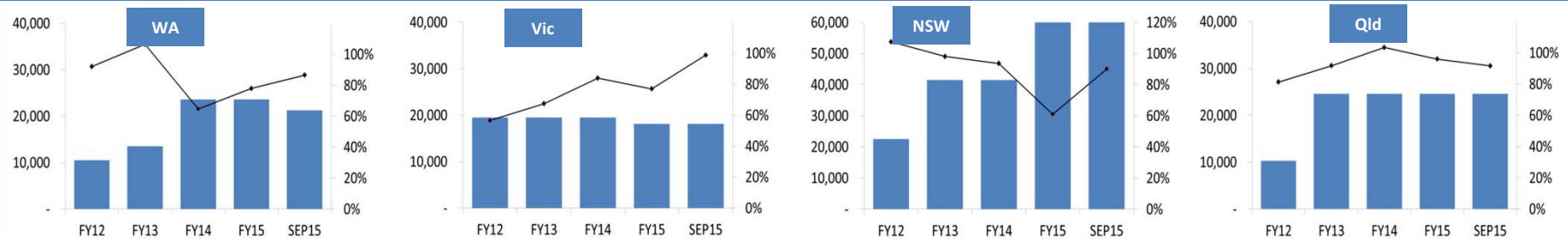
Cold store capacity and utilisation

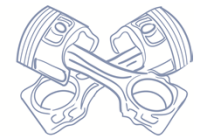
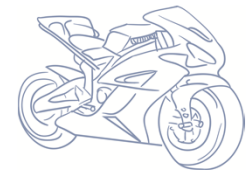


Pallet capacity now at 175,000
Cold store utilisation averaging ~80%

- New Erskine Park facility
 - Reached 89% of capacity by September 2015
 - Expected to reach ~95% by December 2015
- Elimination of “overhang” leases reduces costs by ~\$2.6m in FY2016
- Investment cycle largely completed

Pallet capacity and utilisation at end of September (Rand only)





Other Logistics

Other Logistics highlights



- Strong underlying business metrics
- Overall profitability reduced due to lower AUD/EUR rates



- Mature business model
- Reduced contribution due to change in Mitsubishi distribution model



- Loss-making in FY2015 but break even YTD FY2016
- Restructure of business underway in line with strategic focus



- Substantive activity to re-align business into AHG operations
- Exposure mitigated in FY2015, restructure of business underway



- Divestment of Covs expected November 2015 subject to ACCC
- Retain Holden and Ford wholesale trade in AMCAP

Other Logistics Operating¹ performance



Operating ¹ Performance	FY2014 (\$m)	FY2015 (\$m)	% change
Revenue	421.4	365.2	(13.3%)
EBITDA	17.1	10.5	(38.5%)
EBITDA Margin (%)	4.1%	2.9%	
Profit Before Tax	13.9	5.3	(62.1%)

- Contributions from KTM and AMCAP down compared to FY2014 for structural reasons (Lower AUD/EUR rates and change in Mitsubishi distribution model)
- Losses experienced in GTB/VSE and Higer businesses due to weak truck and bus market
- Sale of Cova agreed but no impact on FY2015 financial contribution
- Restructure of GTB/VSE underway to eliminate future losses

Operating¹ – excludes costs and fees in relation to integration and acquisition-related activities, impairment of assets and benefits applicable to GST refunds (Son of Holdback)



Strong balance sheet



- Debt capacity as at 30 June 2015 was supported by \$129 million of cash and undrawn commercial bill facilities
- June 2014 net debt reflects position prior to the settlement of Bradstreet and final dividend payment
- Settlement of Mercedes Benz acquisition is expected to be fully funded by proceeds from sale of Cova and sale of properties.

Balance Sheet Gearing	30 June 2014	30 June 2015	Movement
Total Borrowings	782.5	882.9	100.4
Cash & Cash Equivalents	(99.5)	(69.9)	(29.6)
Net Debt	683.0	813.0	130.0
Inventory Finance (Floorplan)	(565.6)	(582.1)	16.5
Net Debt – Excluding Floorplan Finance	117.4	230.9	113.5
Interest Rate Cover	4.8	5.2	0.4
Gearing Ratio			
Net Debt + Equity – Excluding Floorplan Finance	781.8	922.5	140.7
Net Debt / [Net Debt + Equity] – Excluding Floorplan Finance	15.0%	25.0%	10.0%

Events post June 30

- Mercedes-Benz dealerships acquisition now confirmed
- Nissan Aspley dealership granted
- West Auckland Nissan acquisition
- Cows divestment (Awaiting ACCC approval)
- Charter Hall sale and lease-back completed



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Driving shareholder value



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- Improve returns to shareholders by applying AHG's proven auto dealership model to acquisitions and Greenfield sites
- Greater integration of Refrigerated Logistics business to drive efficiencies and synergy savings in FY2016
- Divestment of non core business where appropriate
- Restructure of under performing GTB/VSE operation
- Complete investment in Logistics IT upgrade
- Continued focus on control of expenditure
- Manage balance sheet capacity to ensure ability to fund growth



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