

# 2016 Half Year Results Presentation

August 2016



YEARS

**AD EAGERS** Established 1913

# 2016 Half Year Highlights

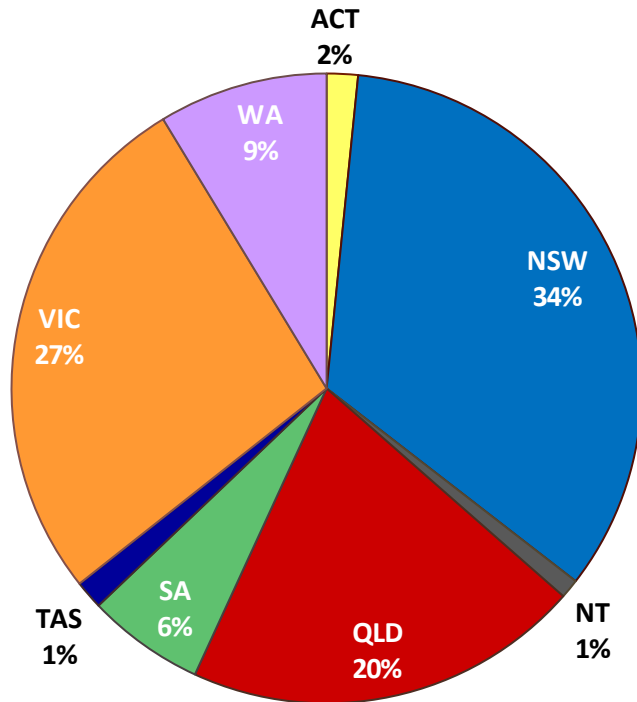
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- Record statutory profit before tax \$67.9m, up 14% on 1H15
- Record net profit after tax \$49.1m, up 12% on 1H15
- Record statutory (basic) EPS of 26.2 cents, an increase of 7% on 1H15
- Record fully franked interim dividend of 13 cents, up 8% on 1H15
- Record results from core Car Retailing segment
- Improvement in Truck Retailing segment results
- Strong balance sheet



# Australian New Vehicle Sales – June YTD 2016

Total Australian Market Share by State  
(VFACTS)

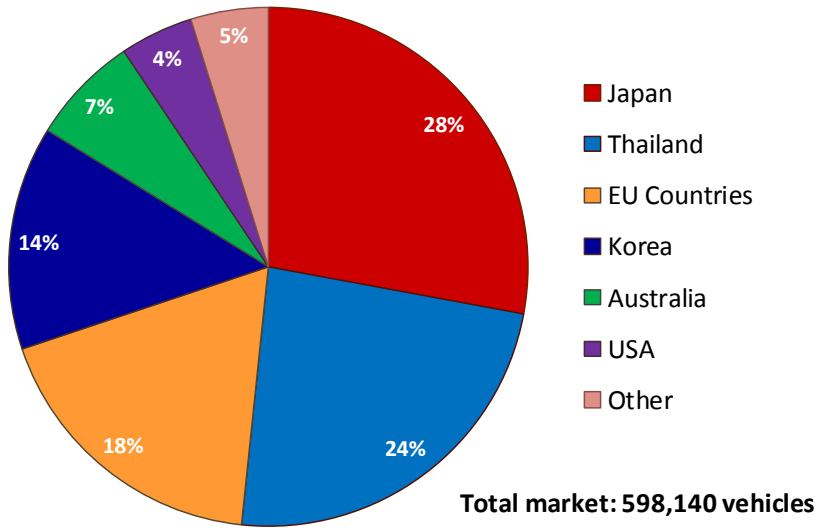


Total market: 598,140 (1H 2015: 578,427) - Up 3.4%

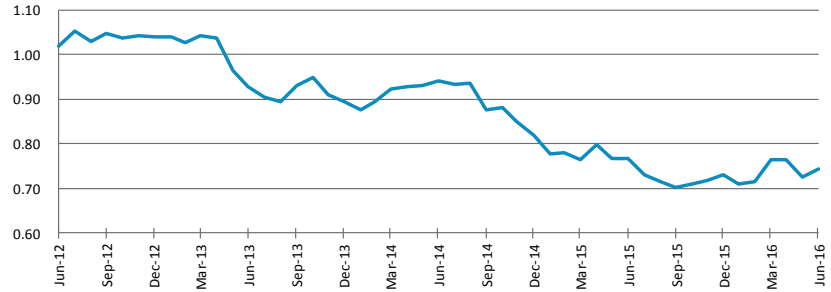
- New vehicle market up 3.4% YTD
- Correct balance between supply and demand.
- Strong growth in luxury brands
- Retail industry evolving following GFC, manufacturing exits, and retailer consolidation :- creating some risks and many opportunities.

# Exchange Rates

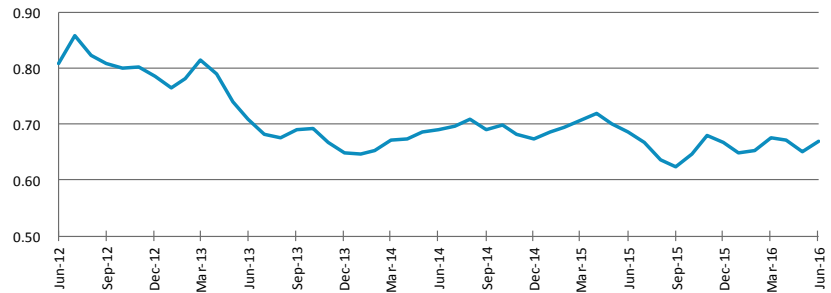
**New Vehicle Sales (VFACTS)  
by Country of Origin**



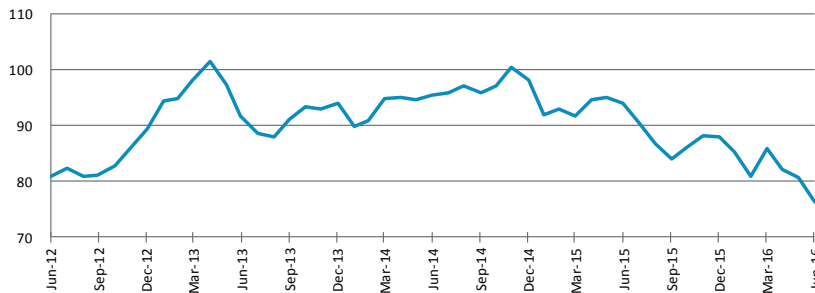
**Monthly 5 Years: AUD / USD**



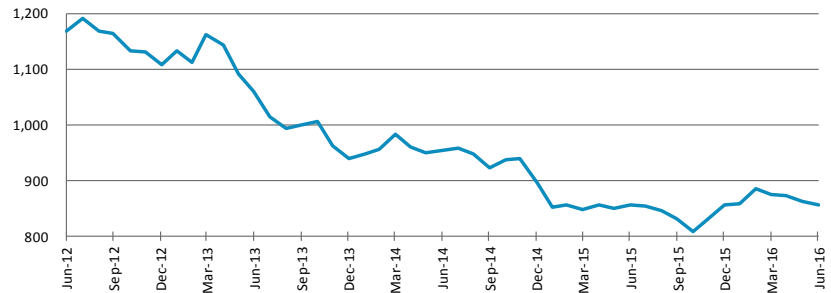
**Monthly 5 Years: AUD / EUR**



**Monthly 5 Years: AUD / JPN**

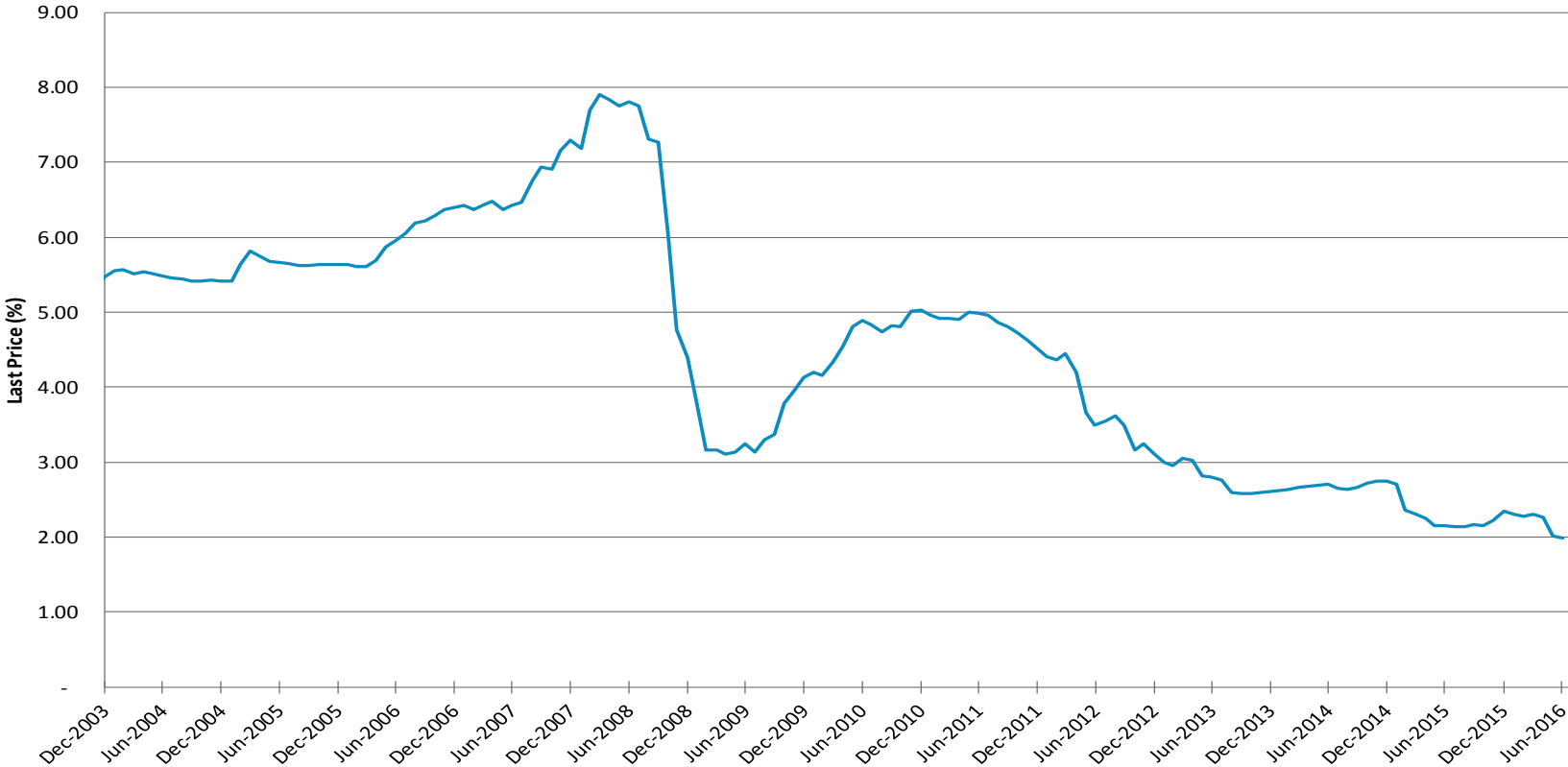


**Monthly 5 Years: AUD / KRW**



# Affordability

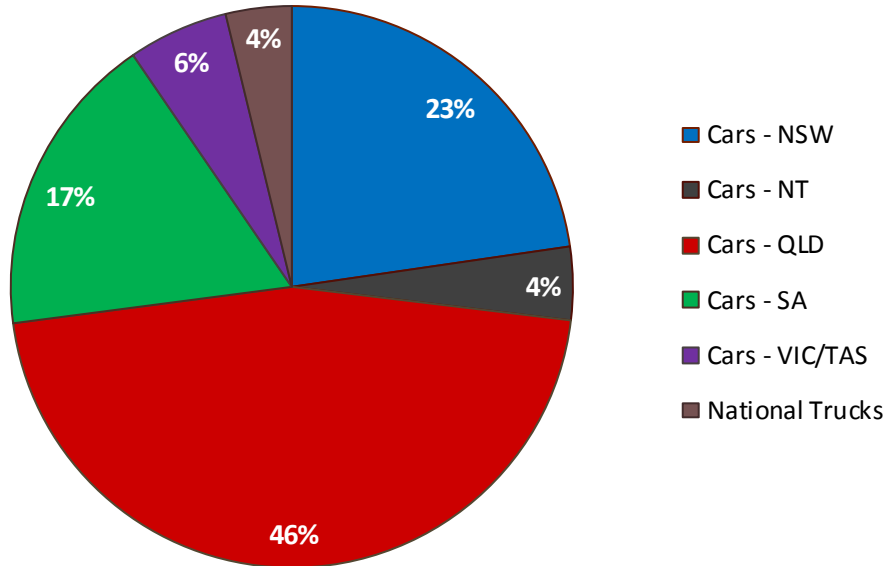
### 90 Day Bank Bill Rate



# APE Vehicle Sales 1H 2016

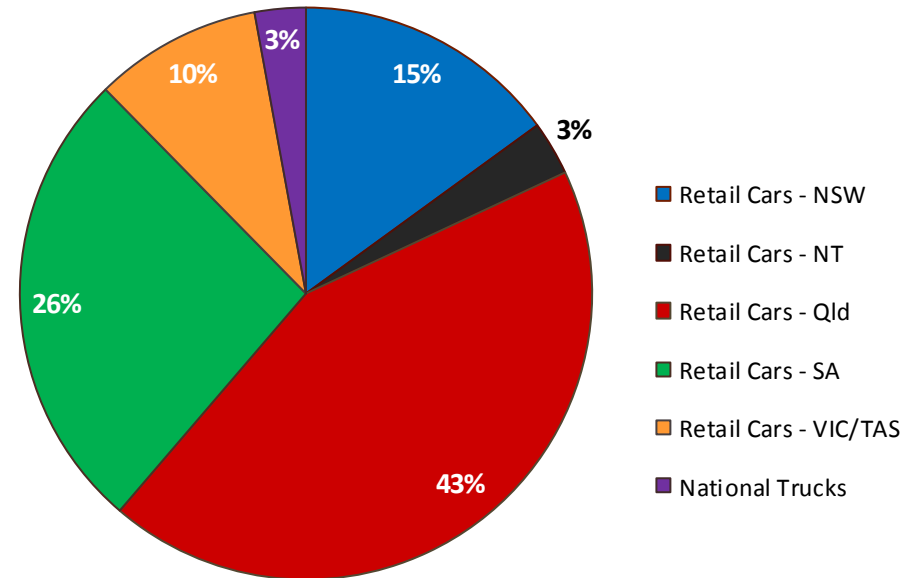
## APE New Vehicle Sales by State

Total 28,800 + 8.6% (4.8% of National Market)



## APE Used Retail Vehicle Sales by State

Total 11,151 <sup>(1)</sup> + 9% (est. 0.5% of National Market)



(1) Auction sales of 2,723 units excluded from total (2015: 3,150)

# 2016 Half Year Highlights - Financial

- Record statutory (basic) EPS of 26.2 cents, an increase of 7% on 1H15
- Record fully franked interim dividend of 13 cents, up 8% on 1H15
- EBITDA \$86.7m, up 12% on 1H15
- Underlying<sup>(1)</sup> net profit before tax increased by 13.9% to \$66.6 million
- Cash flow from operations of \$71.0m
- Continued financial strength and flexibility: - EBITDA/Interest cover 7.0 times (1H16)  
- EBITDA/Interest cover 6.8 times (1H15).

<sup>(1)</sup> Underlying adjustments include Business acquisition costs \$0.6 million (include taxes, legal and other costs associated with business acquisitions) and benefit from tax refunds associated with previous years' GST payments \$1.9 million.



# Financial Summary

\$ Million	1H 2016	1H 2015	Change	
Revenue	1,838.3	1,639.5	Up	12%
EBITDA	86.7	77.5	Up	12%
EBIT	80.2	70.9	Up	13%
PBT	67.9	59.5	Up	14%
PAT	49.1	44.1	Up	11%
Cash from operating activities	71.0	50.0	Up	42%
NTA/share	2.33	2.61	Down	-11%
Net gearing excluding bailment debt	24.8%	23.2%	Up	7%





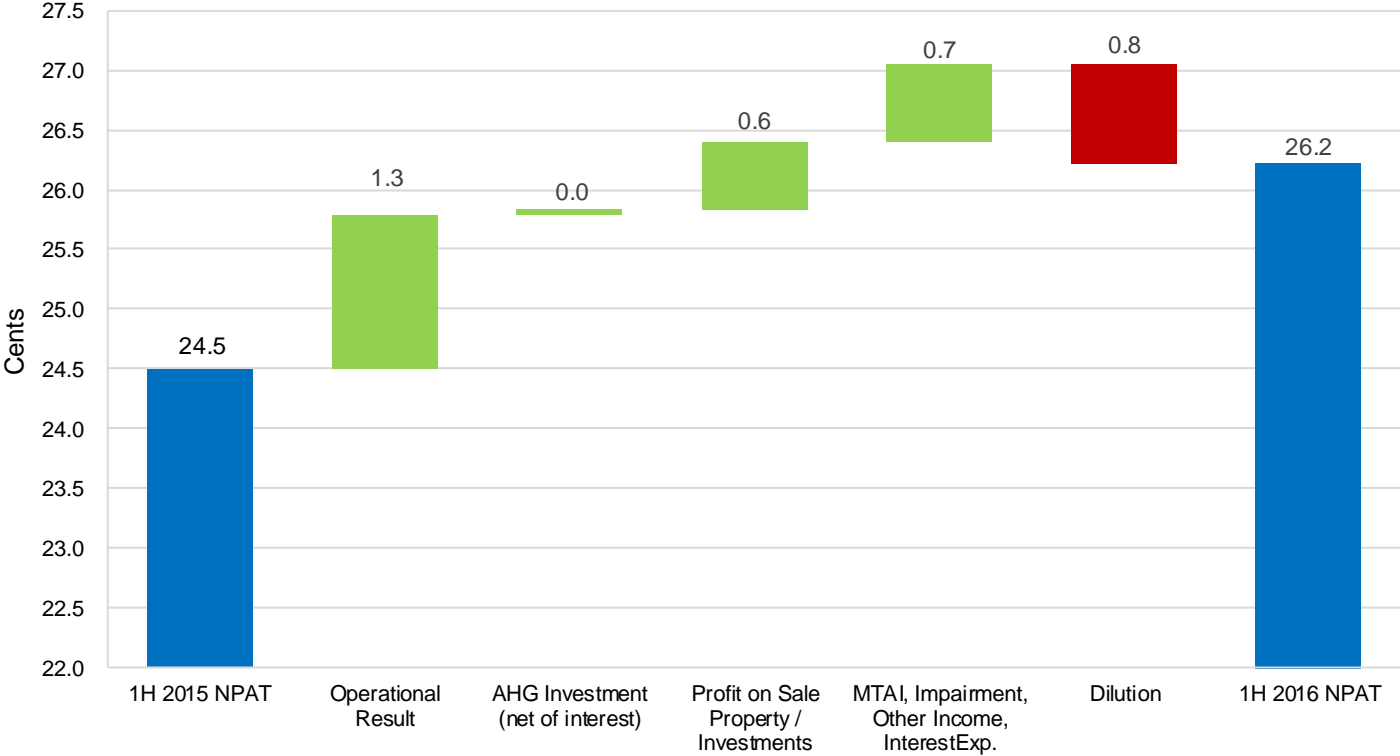
# Balance Sheet - Summary

- New vehicle inventory funded by bailment debt.
- Parts and most used vehicle inventory is balance sheet funded.
- AHG and Smart Group investments valued at \$232.3m.
- Substantial property portfolio underwrites the company's financial position.
- NTA decreased by 11% to \$2.33 per share due to intangibles acquired as part of Birrell Motors Group acquisition and lower value of AHG investment.

	1H 2016 (\$M)
CA - CL (excl. held for sale)	174.0
Freehold Property (incl. held for sale)	285.1
Other Non Current Tangible Assets	84.4
Investments	235.2
Intangible Assets	268.3
Non Current Debt	(313.7)
Other N/C Liabilities (Deferred tax, and provisions)	(28.1)
<b>Net Assets</b>	<b>705.2</b>

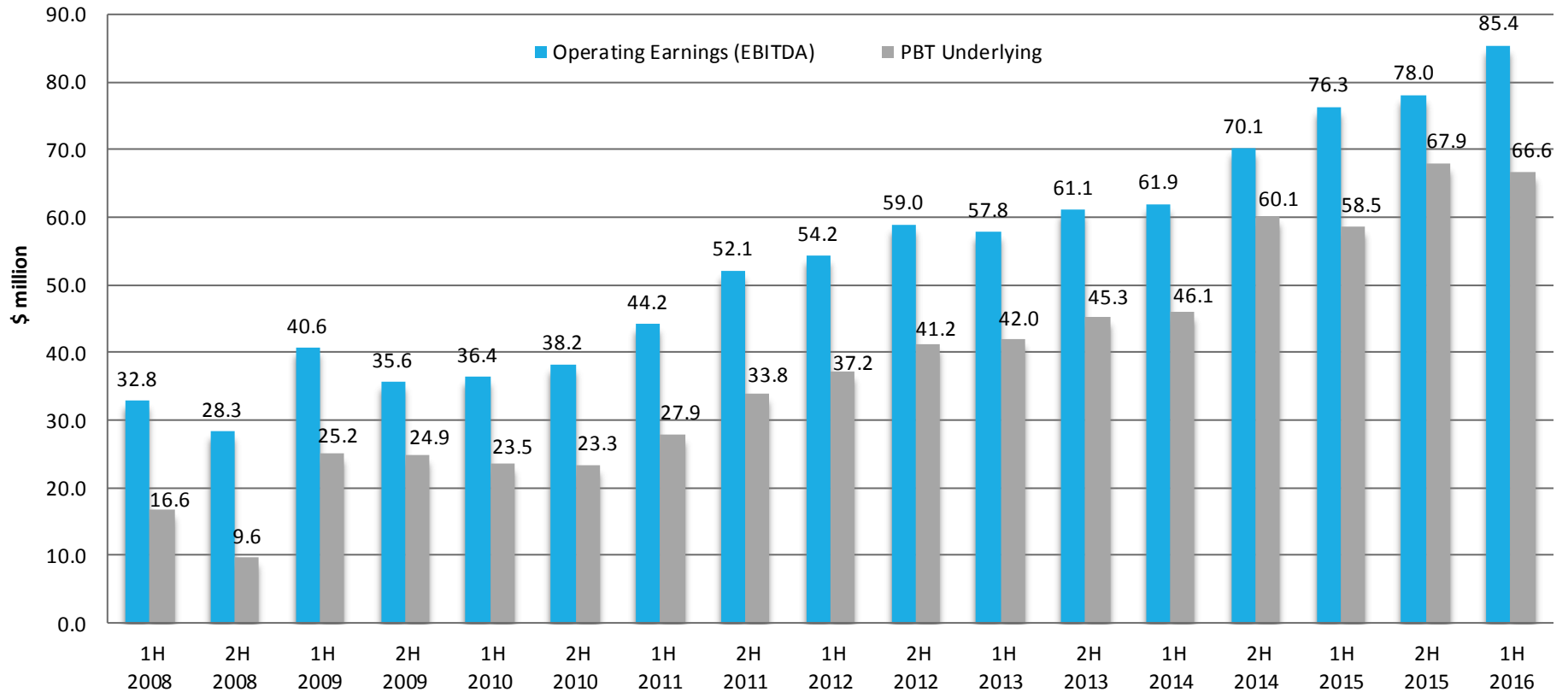
# Earnings Per Share

## EPS Bridge



# Financial Trends – Underlying PBT

## Financial Trends: Underlying PBT



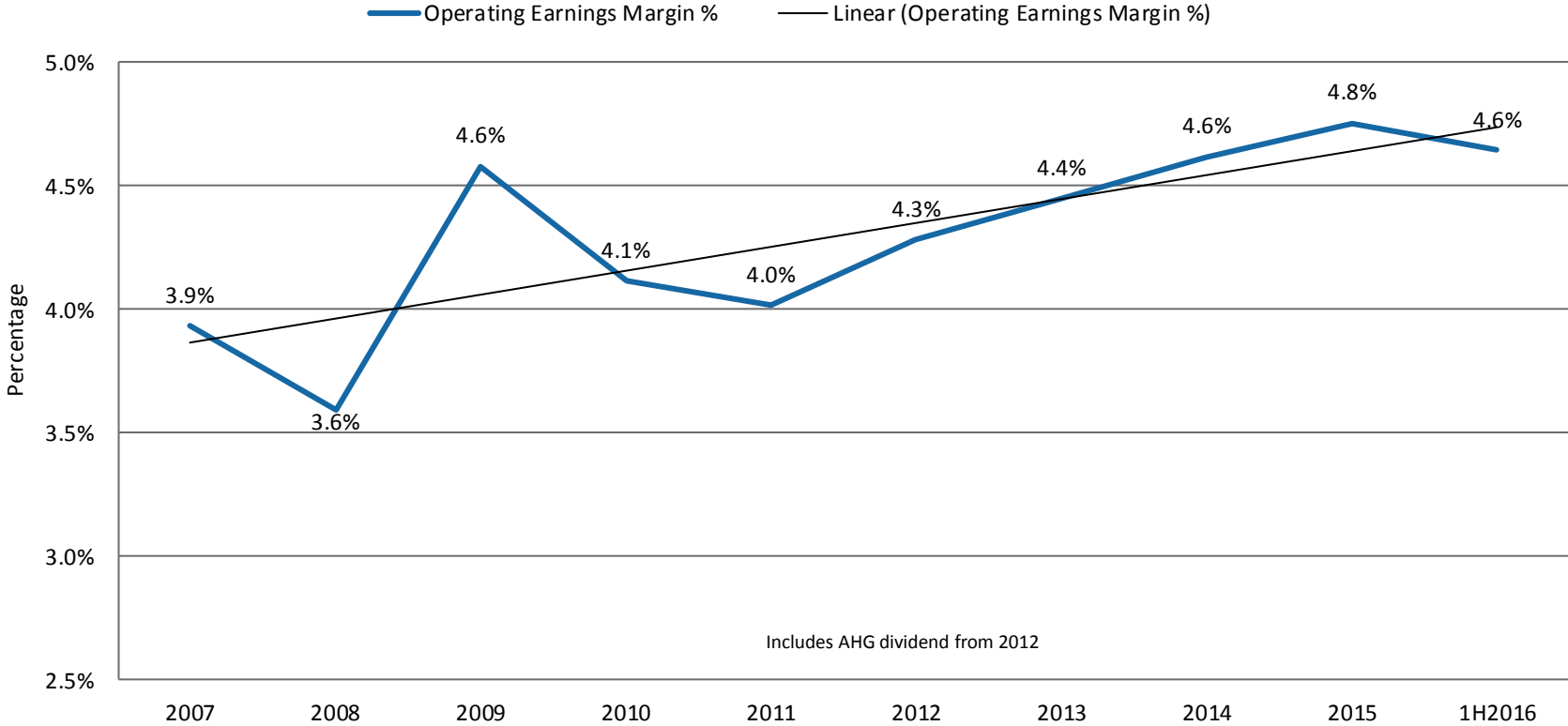
Operating Earnings is EBITDA Underlying excluding profit/loss on sale of assets and from associates. It includes AHG dividend.

PBT Underlying excludes business acquisition costs, GST tax refunds and fair value adjustments relating to freehold property assets, goodwill and investments



# Financial Trends

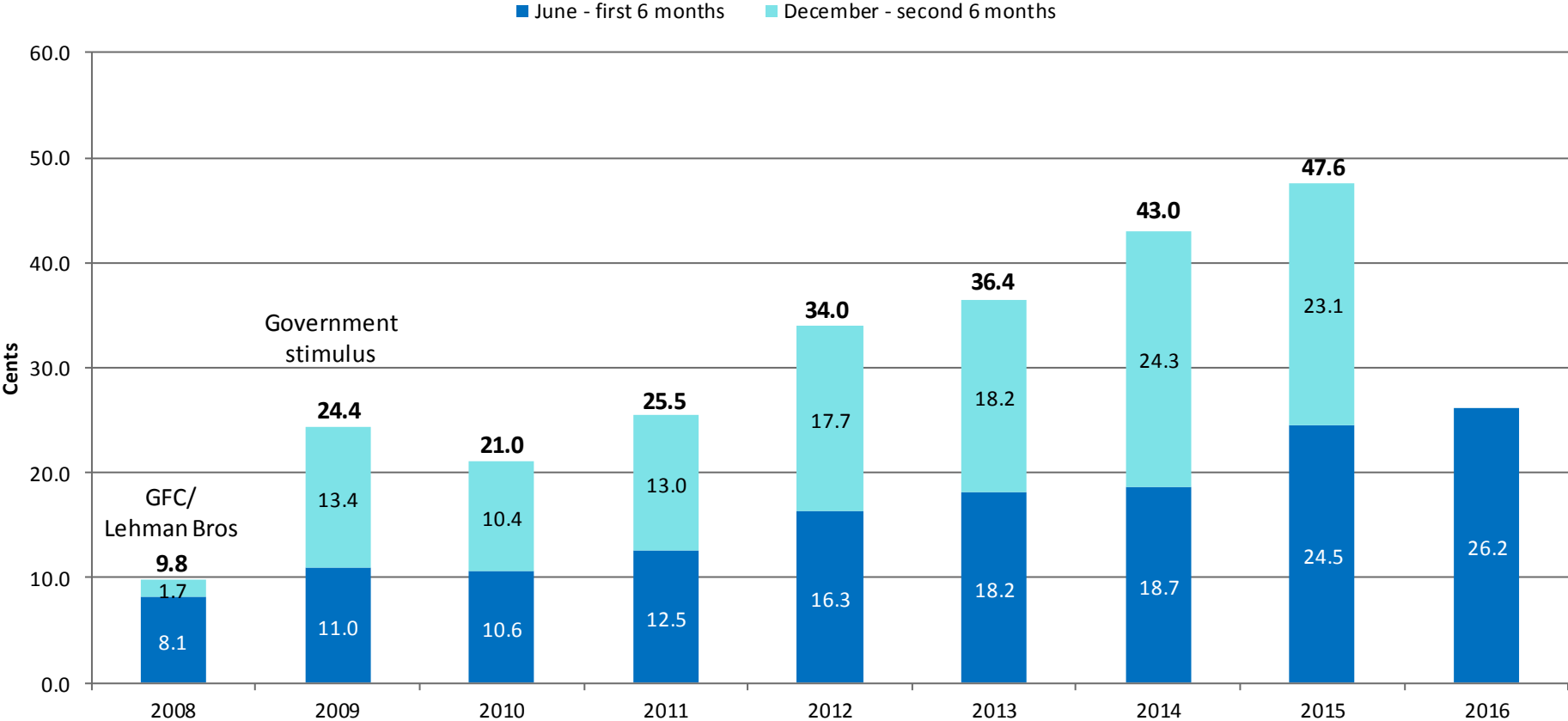
## Operating Margin



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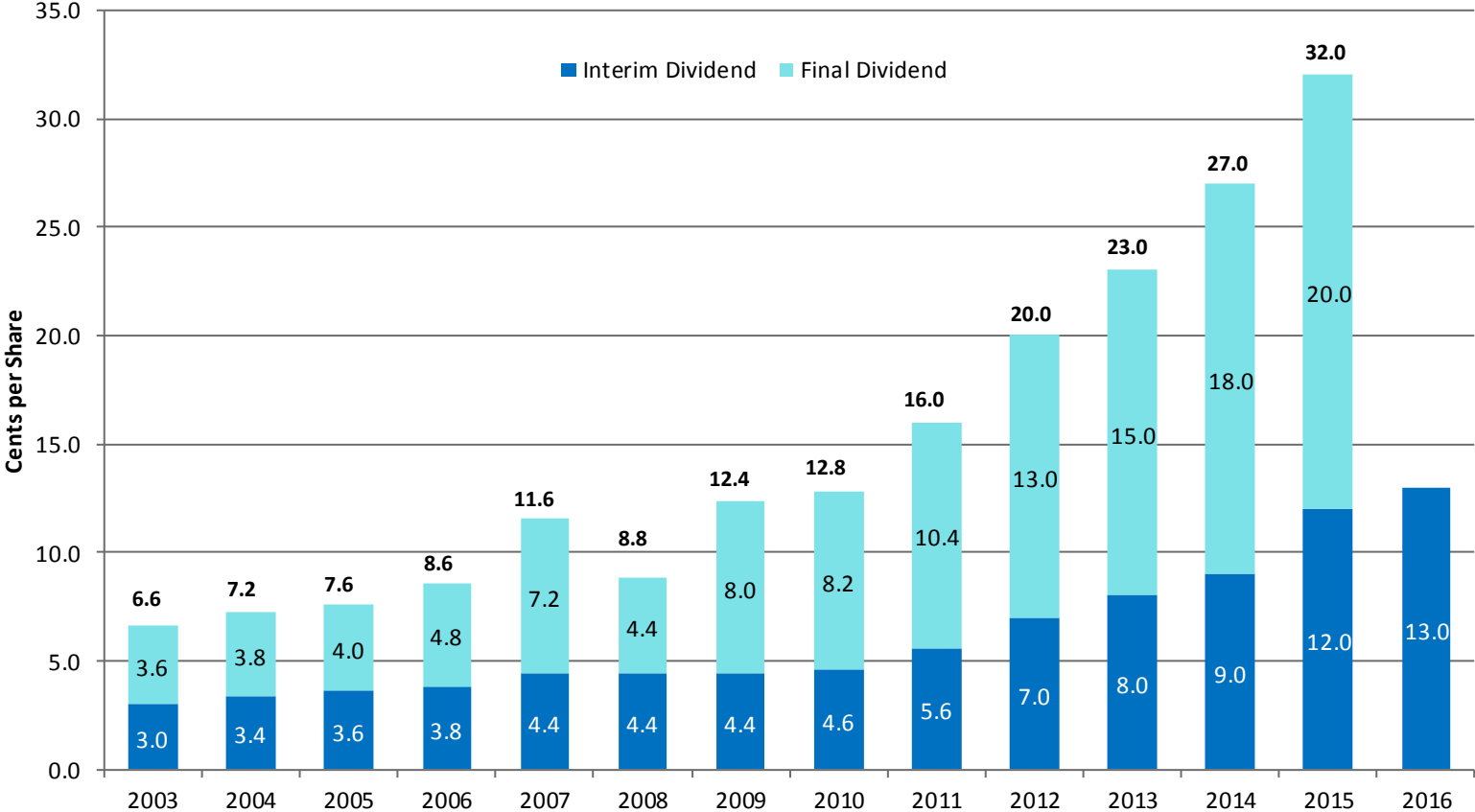
# Financial Trends

## EPS Statutory (Basic)



# Financial Trends

## Dividend



# Segment Results

## Car retailing

Record car retailing in NSW with positive contributions from acquisitions. Strong trading in service business.

## Truck retailing

Strong profit performance from truck business despite continued challenging new and used heavy truck trading conditions. Significantly improved results in used truck division.

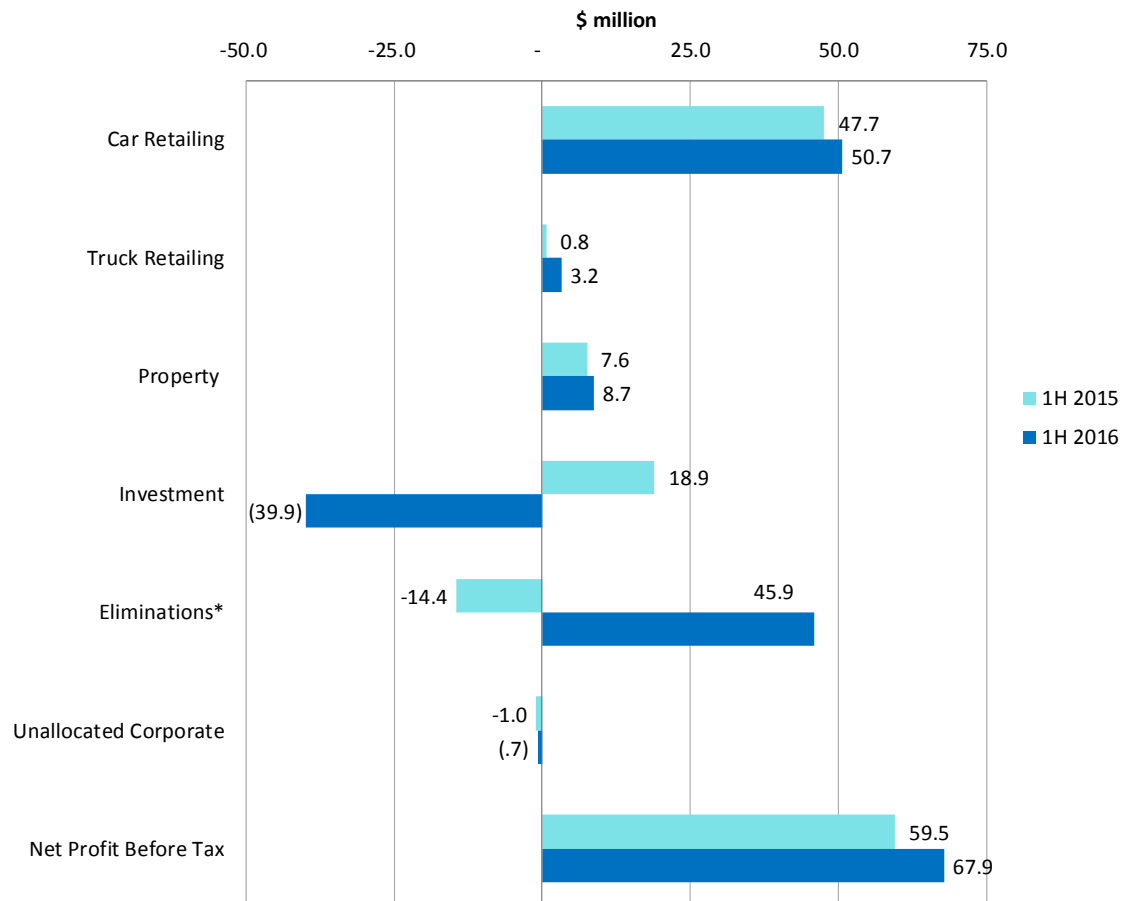
## Property

Cash from property sales received in 1H16. 5 properties added to portfolio

## Investment

Dividend income and unrealised loss on revaluation of AHG investment.

## Segment Contributions



\* Eliminations include inter-segment transactions and asset fair value adjustments not recognised in the P&L



# AHG Investment

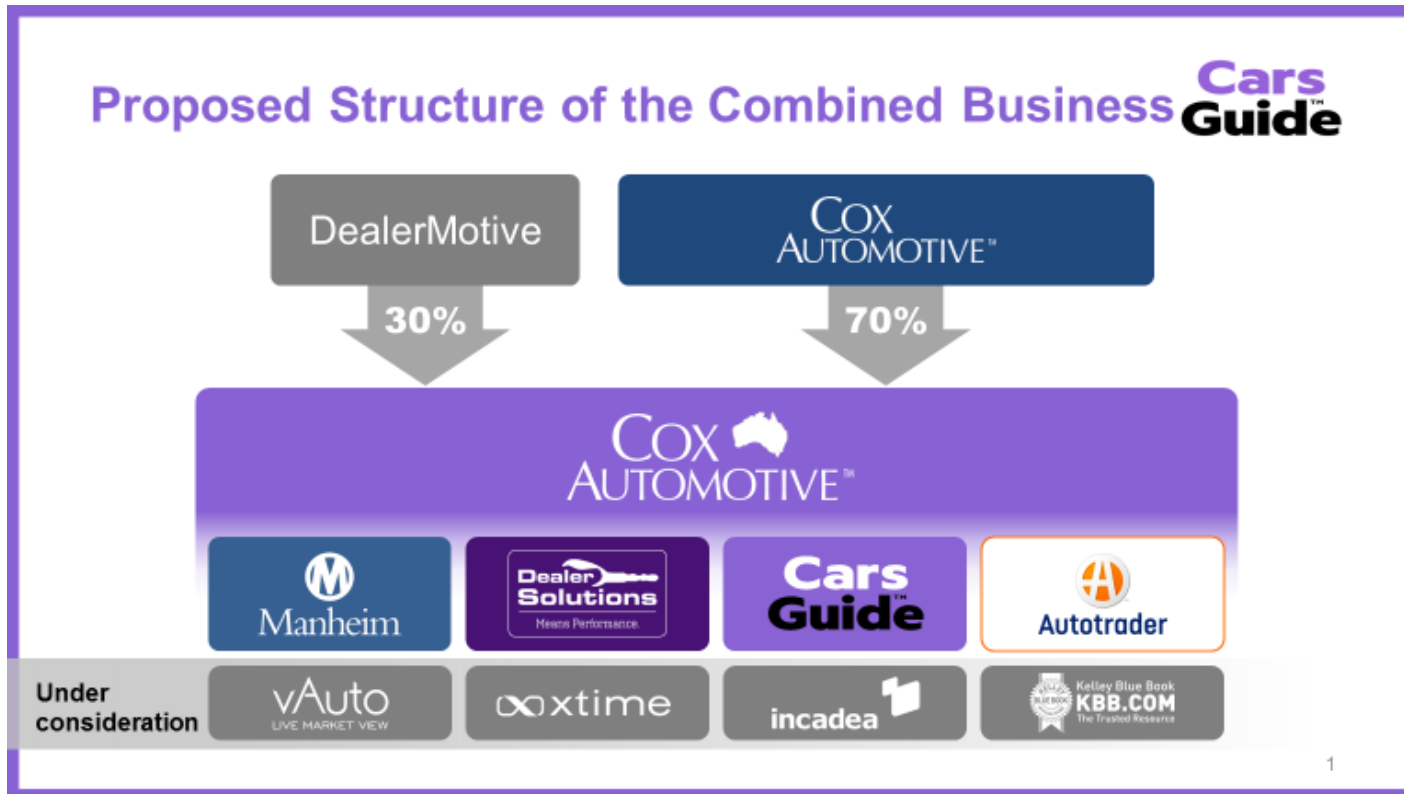
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- 60,904,350 shares held at 30/06/16 19.9%
  - Investment valued at \$229m at \$3.76 (30/06/16)
  - An unrealised revaluation loss of \$46.3m within investment segment
  - Share price (31/12/15) \$4.52, (30/06/16) \$3.76, (23/08/16) \$4.93
  - 3,962,389 new shares subscribed for @ \$4.52 costing \$17.9m
  - 2016 Fully Franked after tax dividends - Mar \$5.78m (2015 \$5.48m)
    - Oct \$7.92m (2015 \$7.92m)
    - Oct \$0.52m (2015 \$0)
- Additional Shares



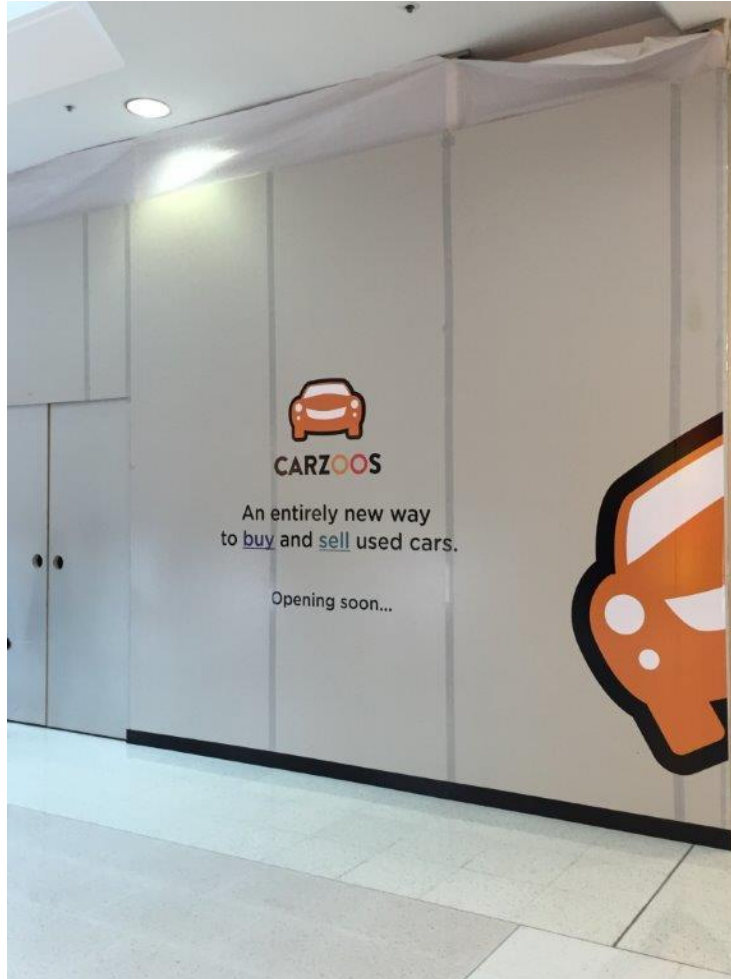


# Carsguide Investment



NOTE: The "UNDER CONSIDERATION" arrangements depicted above will not form part of the combined business on completion of the Scheme of Arrangement. Cox Automotive may consider making them available to the combined business in future, but there is no obligation on Cox Automotive to make them available within any timeframe, or at all. Accordingly there is no guarantee that those businesses will ever form part of the combined business.

# CARZOOS opening 12<sup>th</sup> September 2016



# Guiding Insight:

Technology ... is driving a shift in consumer behaviour.  
Technology ... is the enabler for business disruption.



Stacy's car-buying journey included over 900 digital touchpoints\* in a 3-month period



Occurred  
on Mobile

-  139 Google Searches
-  14 YouTube Videos
-  89 Images
-  69 Dealer Interactions
-  186 Manufacturer Interactions

\*Touchpoints = searches, website visits, video views, clicks

Google case study on today's car buyer.

## THE CARZOOS CUSTOMER

## COMPELLING BENEFITS



### Buying

- 7-day money-back guarantee
- Free comprehensive motor vehicle insurance
- No haggle discounted pricing (Algorithm based)
- Capped price servicing
- 24/7 roadside assistance
- Carzoos 175,000 km warranty

### Selling

- 24 hour guaranteed best in market price (not as a part exchange)
- 30-day 'buy your car guarantee'
- Peer to peer - without the fear - concierge service

### Financing

- Nine finance companies best tailored for you, but customer choice
- 100% independent
- Fully transparent fee structure and rate comparison
- Real-time quote generation (Algorithm based)





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**Consumer Pain Points**

**WHAT CAR?  
WHAT PRICE?**

**WHAT IS  
MY TRADE  
WORTH?**

**HOW TO  
FINANCE?  
AND CAN I  
GET FINANCE?**



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• CONVENIENCE • CHOICE • CONTROL

TECHNOLOGY STACK



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TECHNOLOGY STACK





Established 1913  
**EAGERS**



# Completed Acquisitions in 2016

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Birrell Motors Group	+ \$205m	turnover for second half	(v's 2 <sup>nd</sup> half 2015)
Crampton Automotive Group	+ \$65m	turnover for second half	(v's 2 <sup>nd</sup> half 2015)
Tony Ireland Group *	+ \$20m	turnover for second half	(v's 2 <sup>nd</sup> half 2015)

**Combined + \$290m turnover for second half + 18%**

\* Signed due to complete 01/10/16



**EAGERS** Established 1913

# Forward-Looking Statements

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This document may contain forward-looking statements, forecasts and estimates made by the Company (forward-looking statements), including the anticipated future performance of the Company and the market in which it operates. These forward-looking statements are based on certain key expectations and assumptions of known and unknown risks, uncertainties and other factors, which are deemed reasonable when made but may or may not prove correct. Actual events are difficult to predict and may depend upon factors that are beyond the Company's control. Therefore, actual results, may turn out to be materially different from any future results, performance or achievements express or implied by such forward-looking statements. Forward-looking statements only speak as of the date of this document and no representations are made as to the accuracy or fairness of such forward-looking statements. The Company disclaims any obligation to update any forward-looking statements, to reflect any change in the Company's expectations with regard thereto, or any change in events, conditions or circumstances on which any such statement is based.



# Appendix



# A.P. Eagers

## COMPANY PROFILE



# AP Eagers Today (June 2016)

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- **103** year old automotive retail group founded in **1913**
- **59** years as a listed public company – dividend paid every year
- A.P. Eagers owns \$285m of prime real estate
- Represents all **12** of the top **12** selling vehicle brands in Australia and **33** car brands in total along with **14** truck / bus brands
- **4,360** employees **140+** dealership locations in QLD, NT, NSW, VIC, TAS and SA
- 19.9% ownership of Automotive Holdings Group (\$229m\*)
- 8.2% ownership of [www.carsguide.com.au](http://www.carsguide.com.au) (\$2.5m)

\*30/06/16

# AP Eagers Volume Car Brands

*Represents 10 of the top 10 selling volume car brands in Australia*



**HOLDEN**



ALL 4 THE DRIVER™



**AP EAGERS**  
Established 1913  
30

# AP Eagers Luxury\* Car Brands

*Represents 10 of the top 11 selling luxury car brands in Australia*



Mercedes-Benz



Audi



PORSCHE



JAGUAR



INFINITI.



MASERATI

*\* Luxury is defined as luxury vehicle selling more than 500 units annually (V Facts)*

*\* Infiniti (574 units) and Maserati (519 units) increase this segment from 9-11 brands in 2015)*



ESTABLISHED 1913  
**EAGERS**  
31

# AP Eagers Truck and Bus Brands

*Representing 14 truck and bus brands*





# Revenue by State / % of group Revenue

