

A.P. Eagers

2012 Full Year Results Presentation

March 2013

Monday, March 04, 2013

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2012 Full Year Highlights

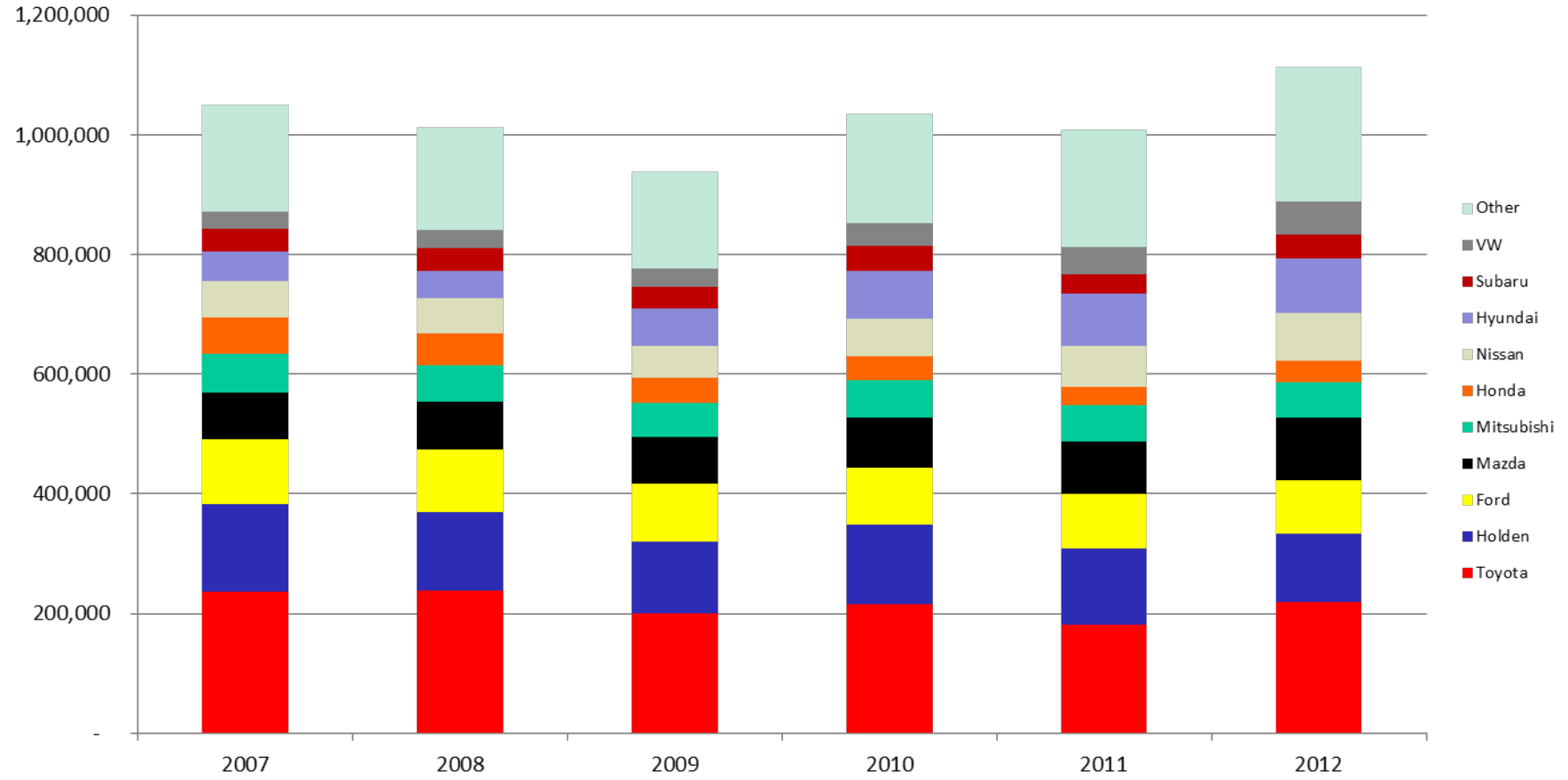
- Record statutory EPS up 33%
- Record underlying EPS up 25%
- Record dividend up 25%
- Dividend payout up 56% over 2 years
- Widespread operational improvements – Focus and Process
- Further value realised from the 2010 Adtrans acquisition.
- Strategic investment in AHG. Cost \$138m current market value \$196 m (26/02/13).

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National Vehicle Sales

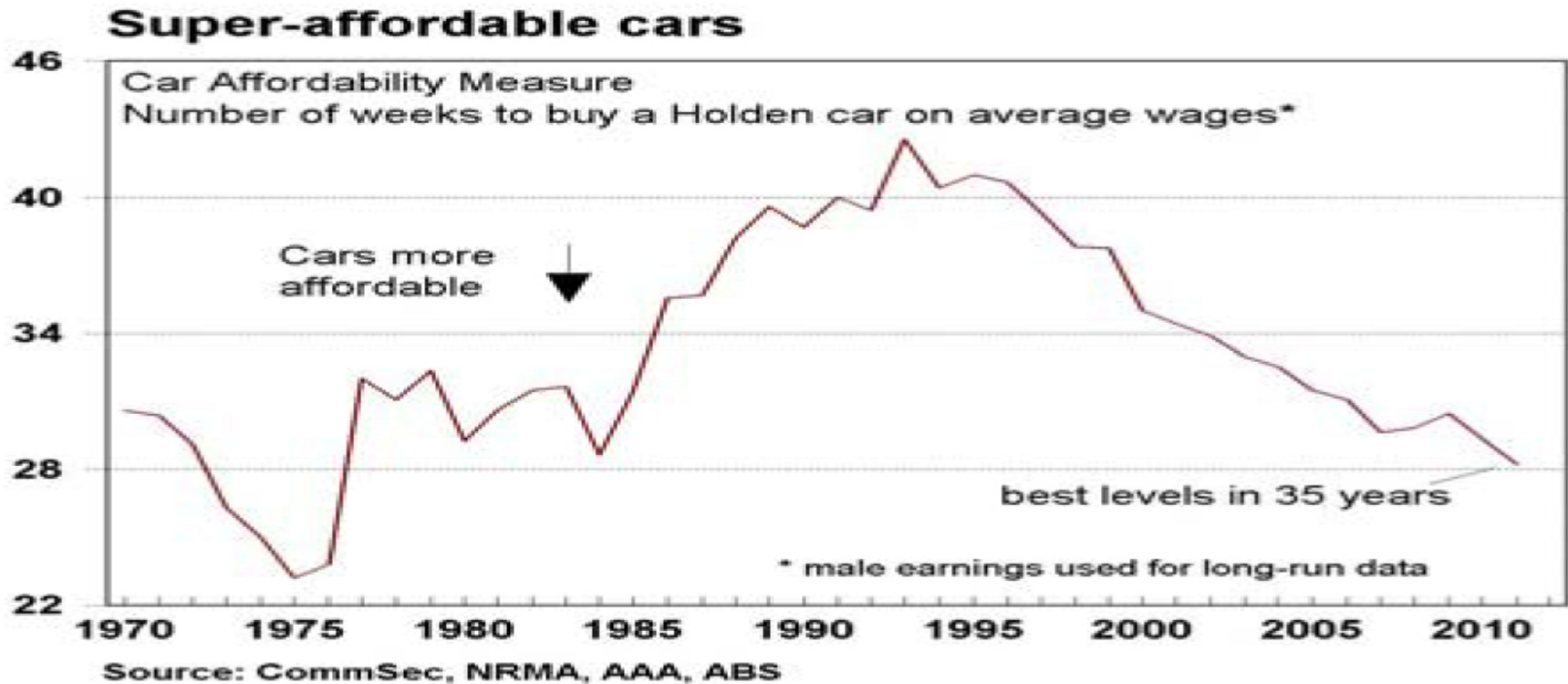


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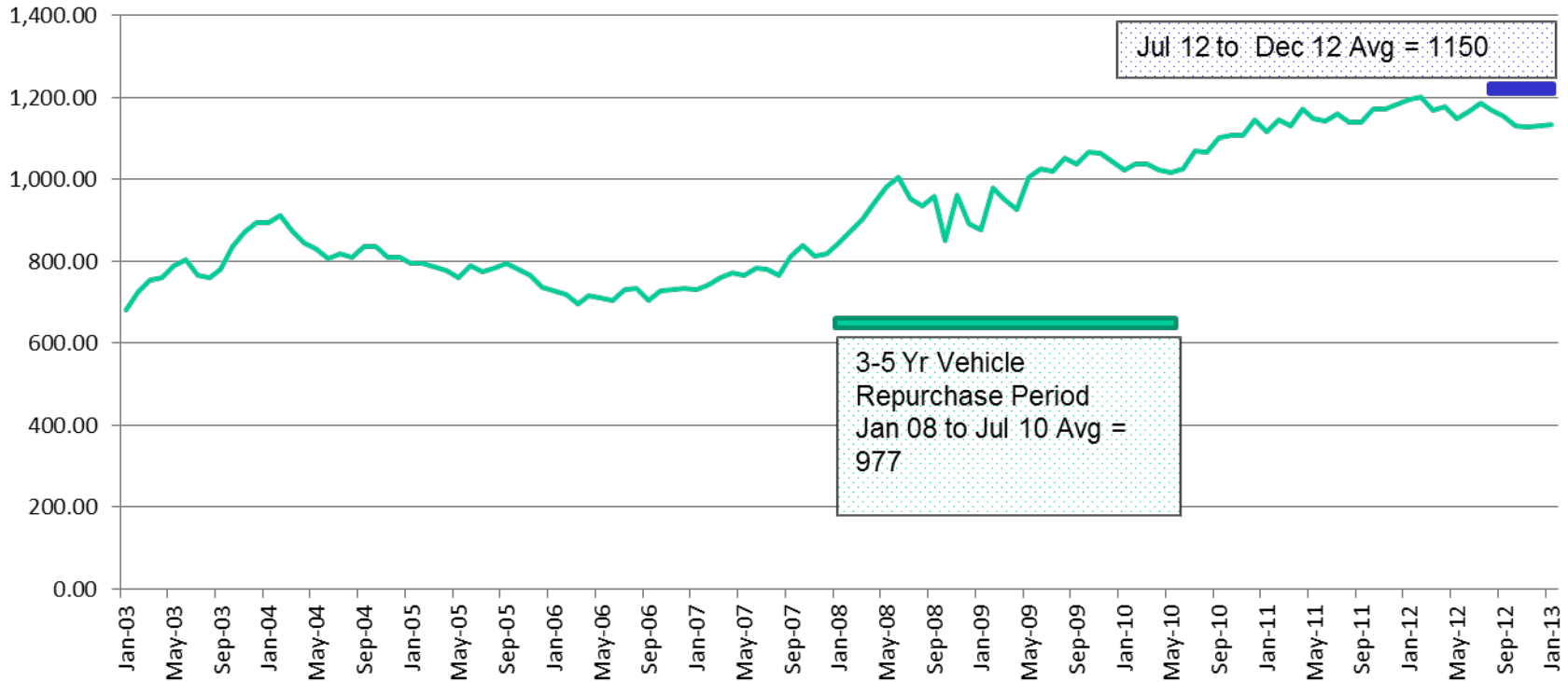
Affordability



The same applies to luxury cars; BMW 320i now 41.9 weeks compared to 51.1 five years ago.
Source: CommSec

Exchange Rates Driving Sales

AUD/KRW Monthly



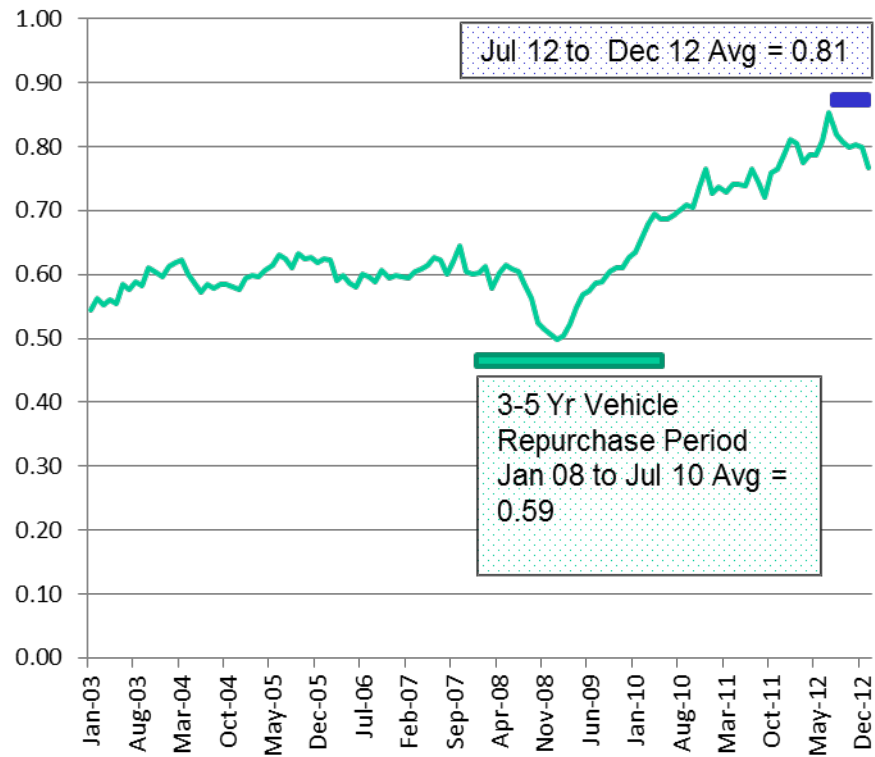
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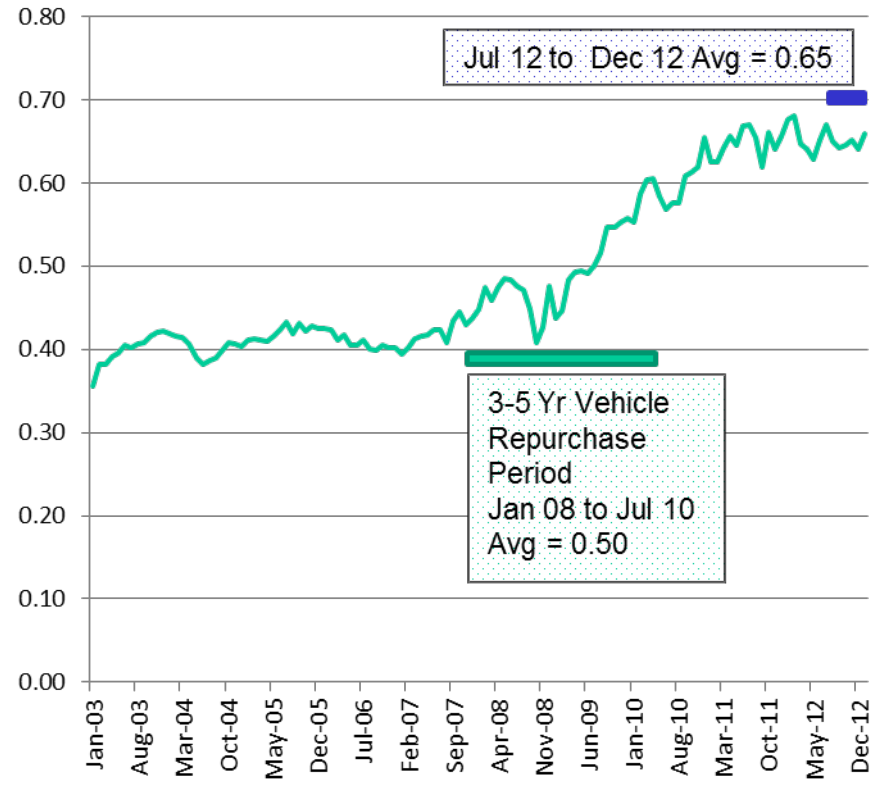


Best to source from

AUD/EUR Monthly



AUD/GBP Monthly



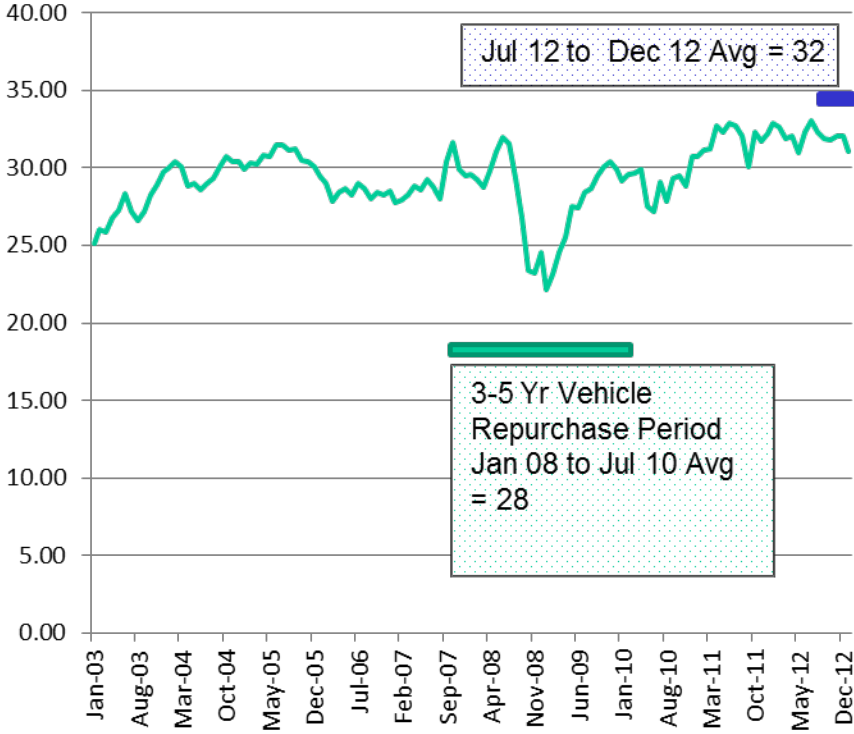
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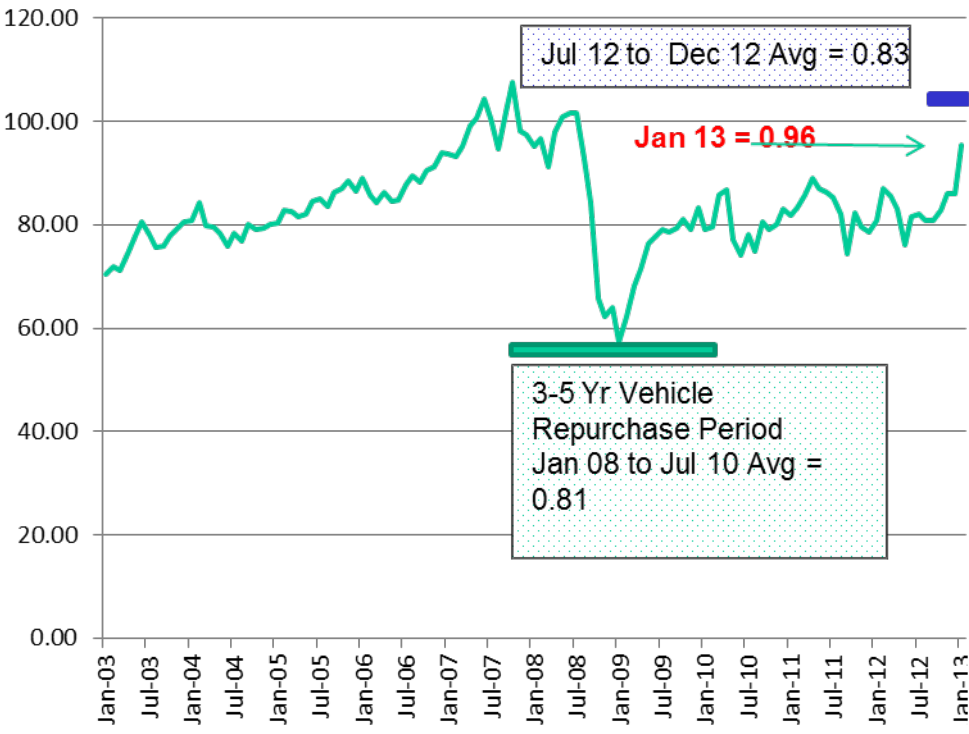


No real advantage

AUD/THB Monthly

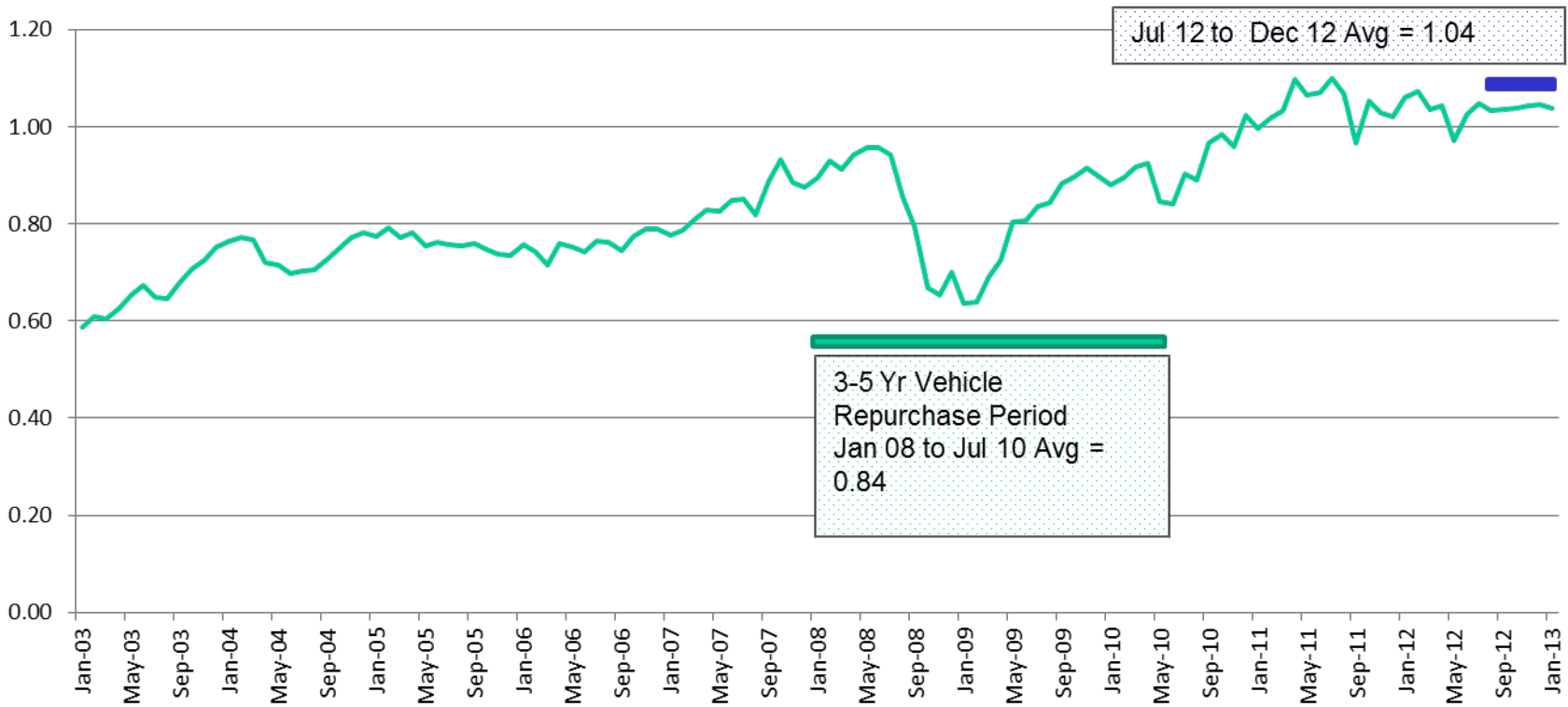


AUD/JPY Monthly



Significant disadvantage for Australian sourcing/exports.

AUD/USD Monthly



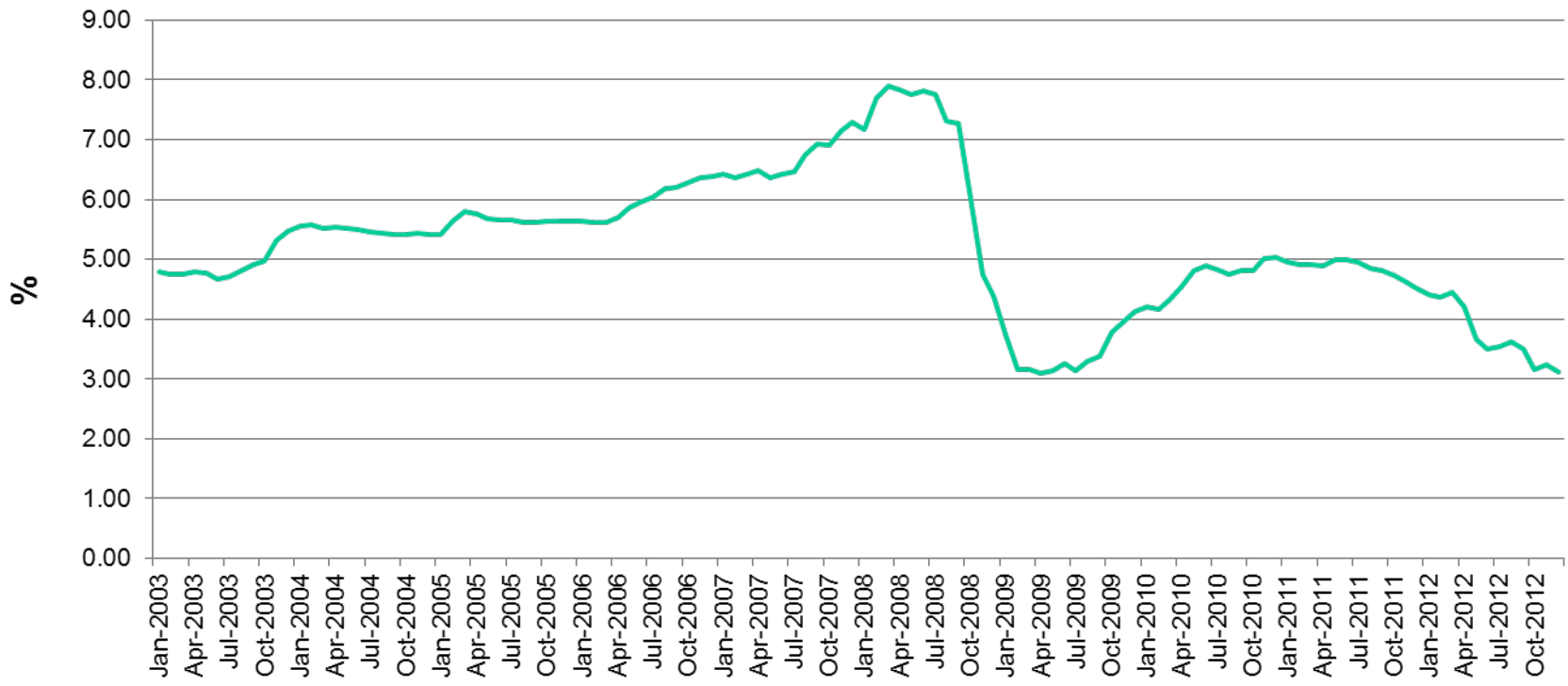
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Interest Rate Trend

90 Day Bank Bill Rate



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Importation of Vehicles into Australia

- Importation prohibited except in very specific circumstances
- Full volume scheme by Manufacturers or distributors
- Personal imports scheme – migrant/expat Aussies (Min 12mths Pre ownership and use)
- Registered Automotive workshop (RAW's) – specialist and enthusiast (eg RHD converted Mustang)
- Pre- 1989 cars scheme – classic and historic restoration/hobby (eg Alfa Romeo 115)
- Low volume scheme (25-100pa) – New vehicles on a register (eg New Bugatti Veyron)
- Duties and taxes of at least 20% apply
- Source: Australian Government Department of Infrastructure and Transport.

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Competitiveness of Global Vehicle Markets

Country	Australia	USA	Canada	UK
Number of Vehicle Brands in Market	66	51	48	54
Vehicle Sales	1,008,437	11,772,220	1,583,388	2,293,576
Market Size Per Brand	15,757	230,828	32,987	42,474

Source: VFACTS 2011 and Wards World Motor Vehicle Data 2010

*2011 data for Australia and 2010 data for USA, Canada and UK

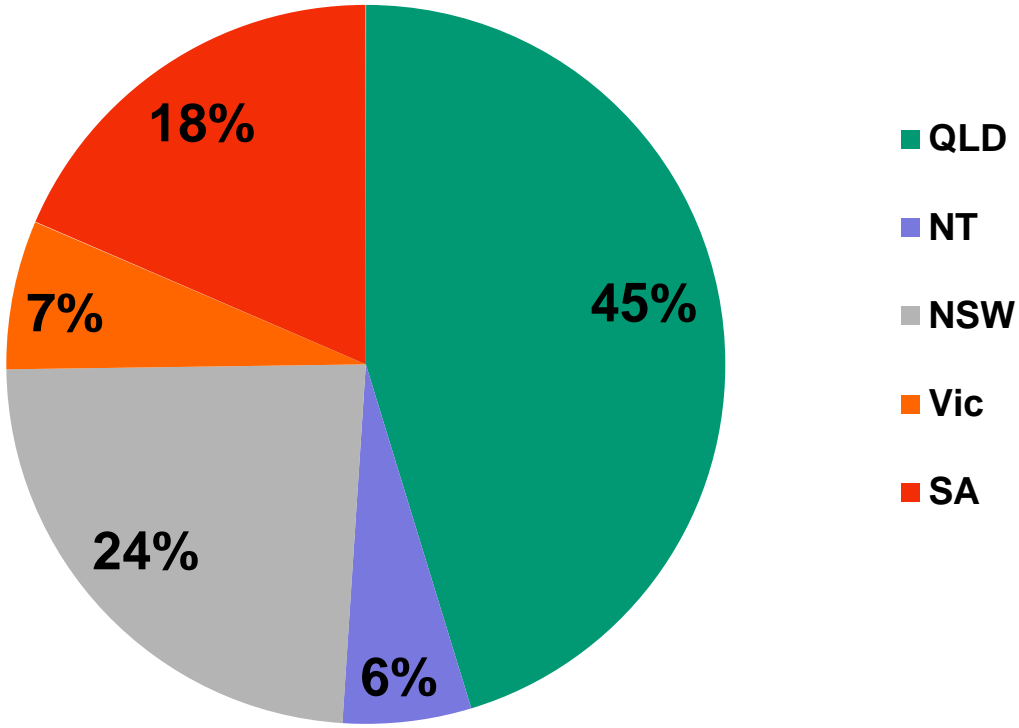
Includes Passenger Motor Vehicles, Sports Utility Vehicles, Light Commercial Vehicles, and Heavy Commercial Vehicles (ie. heavy trucks and buses).

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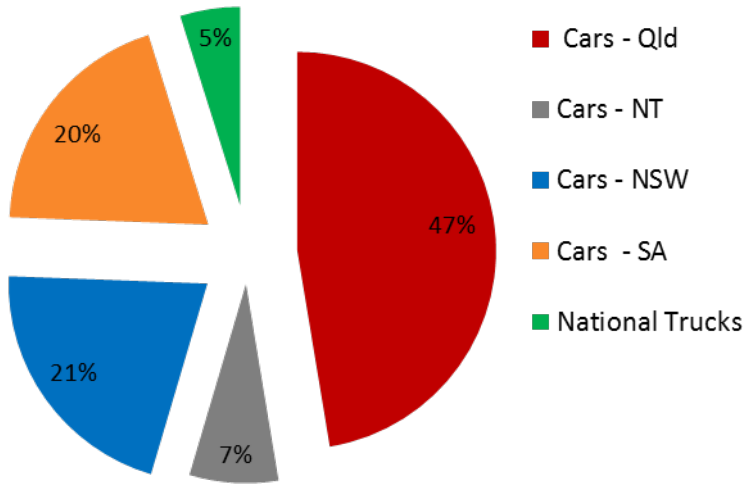
APE Revenue by State %



APE Vehicle Sales

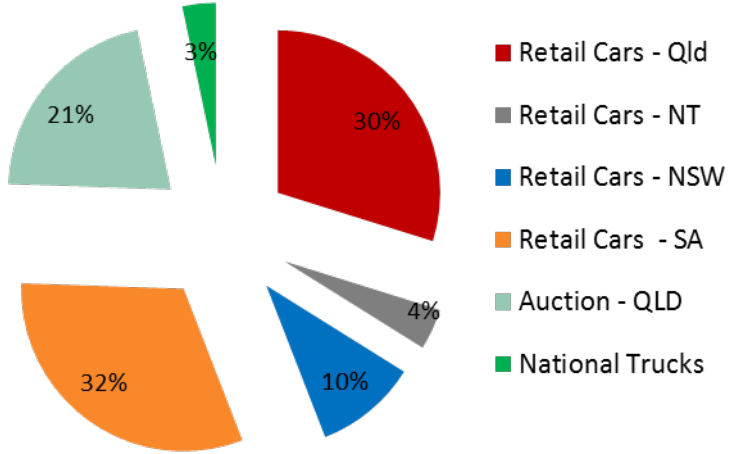
A.P Eagers New Vehicle Sales

Total 42,846 (3.9% of National Market)



A.P. Eagers Used Vehicle Sales

Total 22,504



2012 Full Year Highlights - Financial

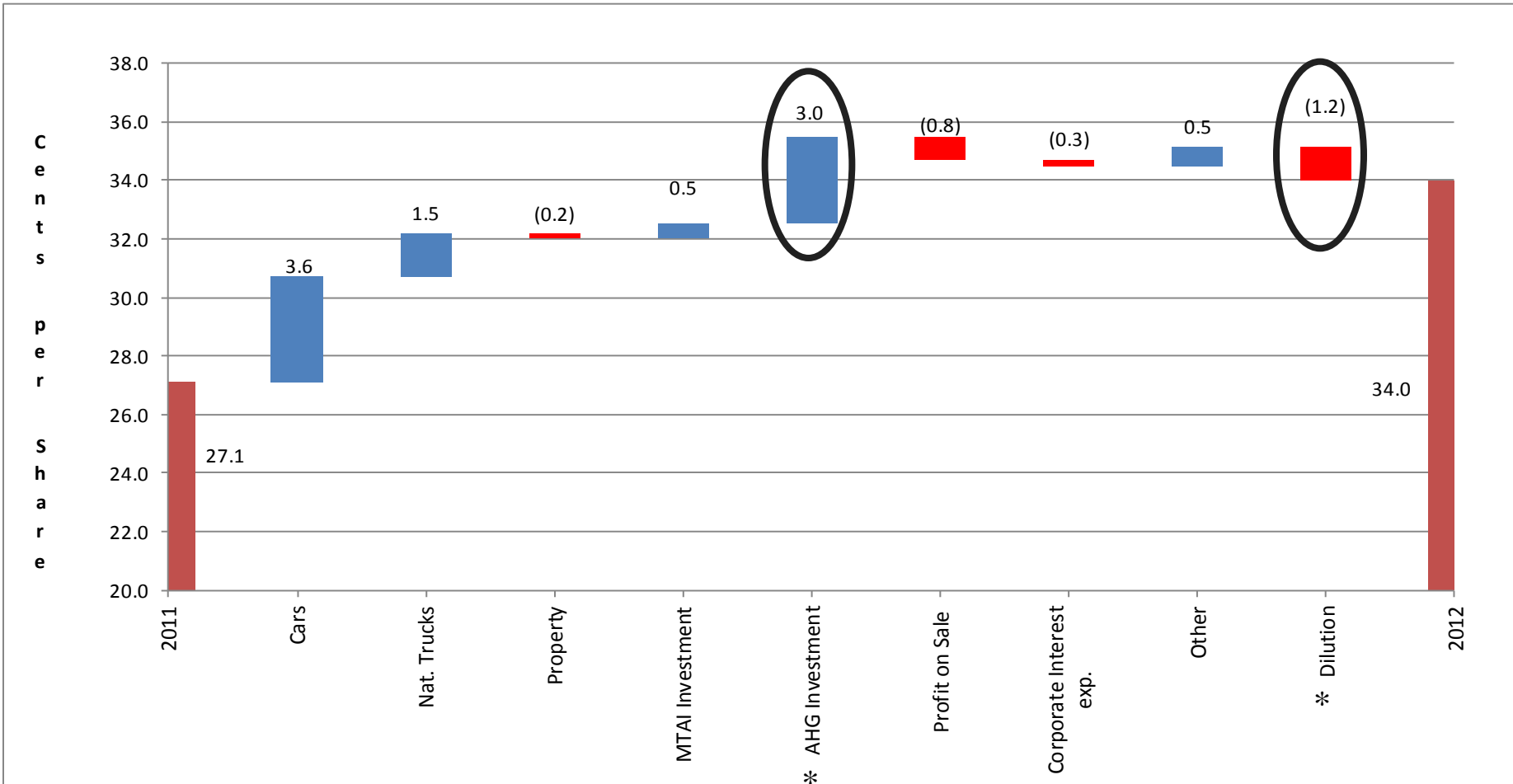
- Record statutory EPS up 33%
- Record underlying EPS up 25%
- Fully franked final dividend of 13 cents for a record full year dividend of 20 cents also up 56% over 2 years.
- EBITDA increased to \$115m up 17%.
- NPBT increased by 35% to \$78.7m
- Cash flow from operations of \$55.6 million.
- Interest expense down 4% on 2011 and only a marginal increase in gearing (excluding bailment) to 30.0% from 28.3 %.

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Earnings Per Share



* Dilution mostly related to AHG investment

Financial Summary - Statutory

\$ Million	2012	2011	Change
Revenue	2,642.5	2,398.7	Up 10%
EBITDA	114.8	98.3	Up 17%
EBIT	103.5	83.9	Up 23%
PBT	78.7	58.2	Up 35%
PAT	55.5	40.3	Up 38%
Cash from operating activities	55.6	64.5	Down 14%
NTA/share	2.06	1.67	Up 23%
Gearing excluding bailment debt	30.0%	28.3%	Up 6%

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Fair Value Adjustments

\$ Million	2012	2011
Balance Sheet		
- Freehold Property	+0.7	+3.1
Profit or Loss		
- Investments	0	0
- Freehold Property	+1.1	-3.2
- Intangible Assets	-0.8	0
Total	+0.3	-3.2

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Balance Sheet - Summary

- New vehicle inventory and related receivables funded by bailment debt.
- Parts and most used vehicle inventory is balance sheet funded.
- Substantial property portfolio underwrites the company's financial position.
- NTA increased by 23% to \$2.06/share.

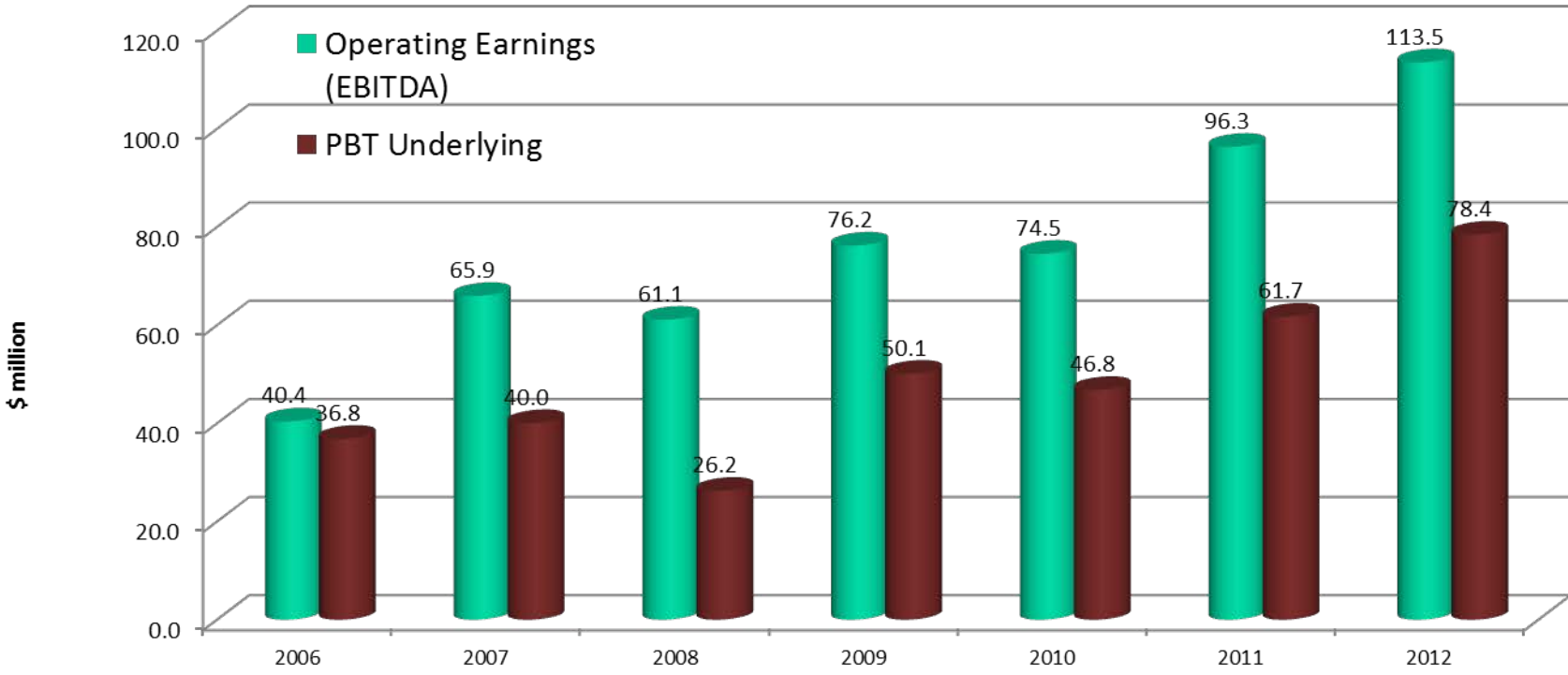
	31/12/12 \$m
CA-CL (excl. held for sale)	47.9
Freehold Property (incl. held for sale)	341.2
Other Non Current Tangible Assets	37.5
Investments	162.6
Intangibles	117.5
Non Current Debt	(210.5)
Other N/C Liabilities (Deferred tax, finance leases and provisions)	(27.7)
Net Assets	468.5

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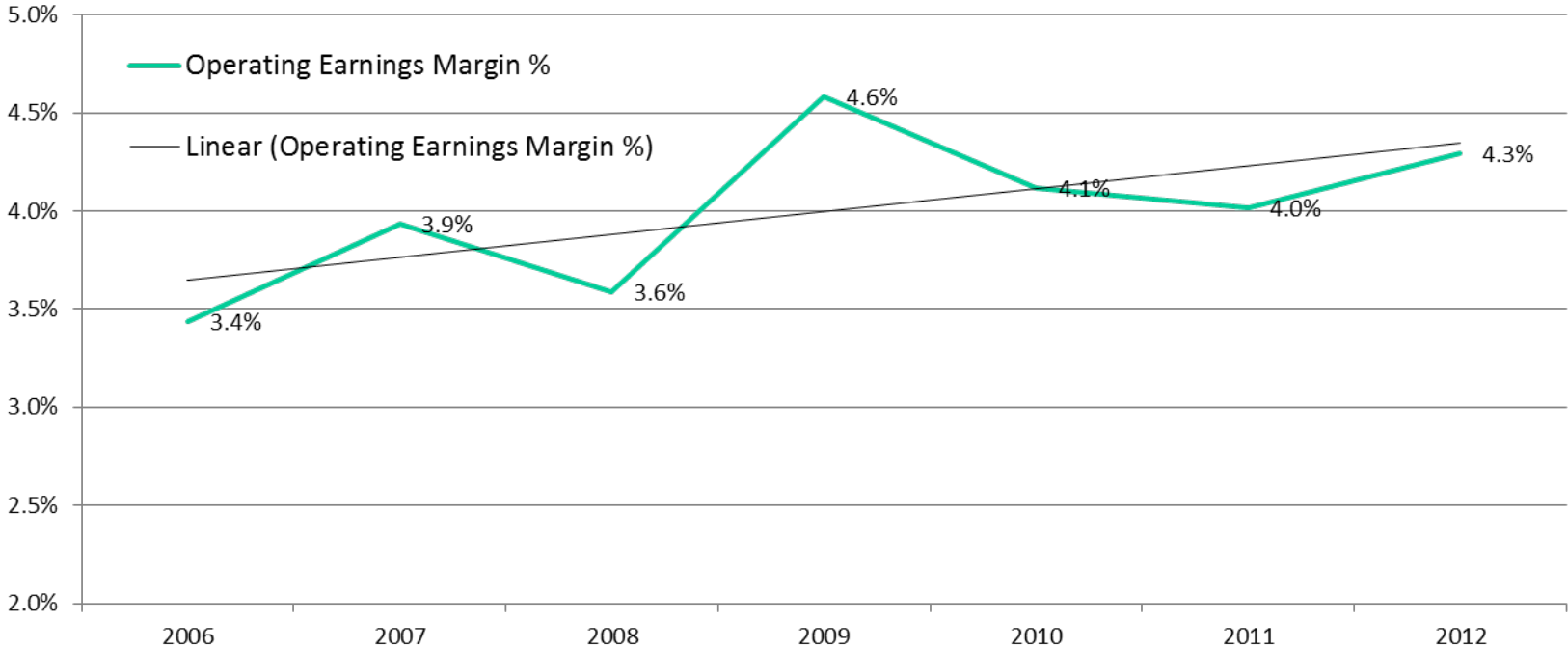
Financial Trends



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

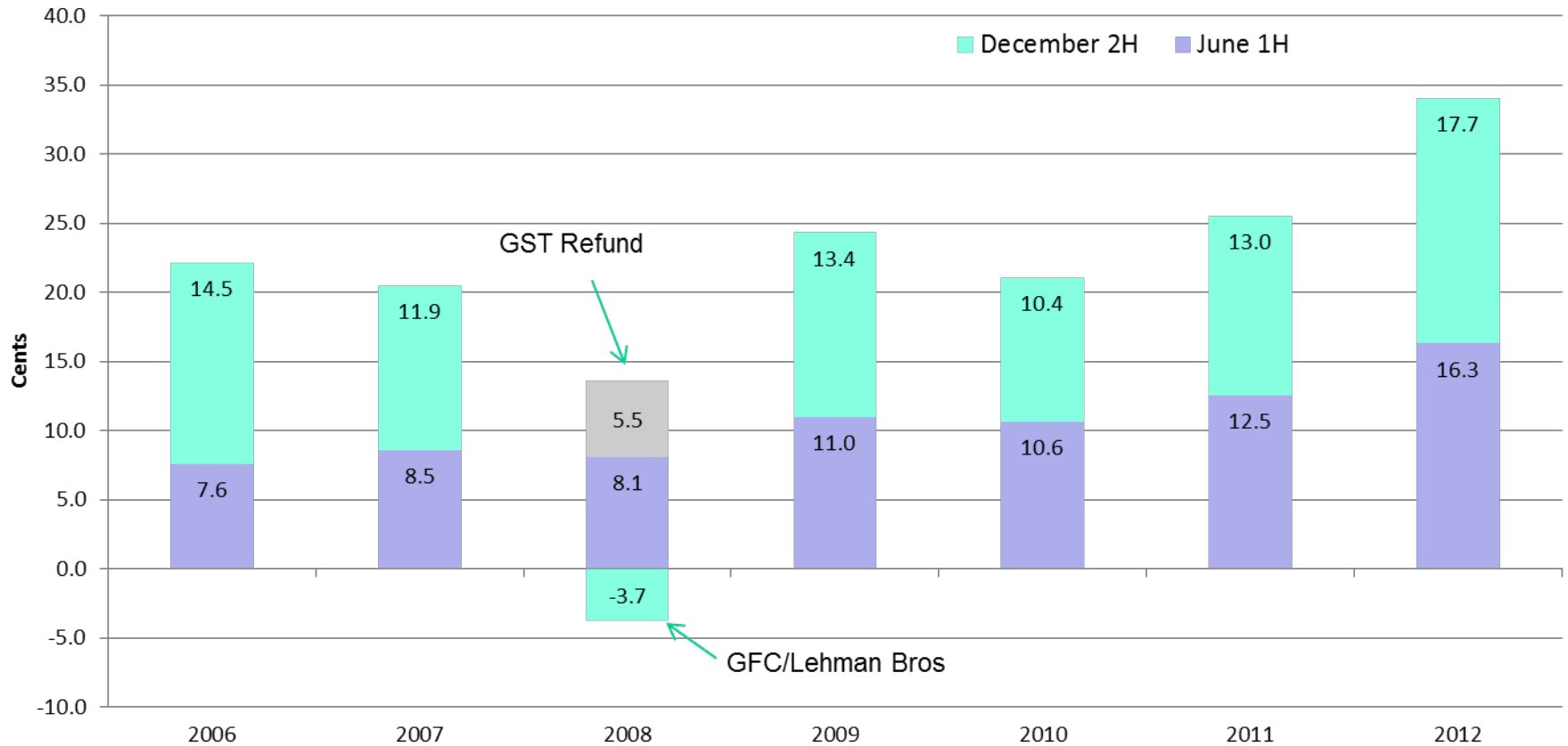
Financial Trends

Operating Margin



Financial Trends

EPS Stat (Basic) Half Years



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Franchise Automotive Retail Segment

- Higher sales volumes drove increased profit without a commensurate increase in net assets employed.

	FY2012 \$m	FY2011 \$m
Revenue	2,154	1,984
Profit before tax	61.3	51.3
Total Assets	522.8	473.3
Total Liabilities	343.9	292.4
Net Assets	178.8	181.1
PBT/Revenue	2.8%	2.6%
RONA (after tax)	24.2%	19.6%

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Truck Retailing Segment

- Heavy vehicle market improved by 9.9% in 2012 but still lagging long term average demand levels.
- New Western Star facility opened in Sydney.
- Greater focus on optimising working capital in 2013.

	FY2011 \$m	FY2011 \$m
Revenue	400.7	323.5
Profit before tax	8.0	4.1
Total Assets	133.4	108.8
Total Liabilities	98.7	91.4
Net Assets	34.8	17.4
PBT/Revenue	2.0%	1.3%
RONA (after tax)	16.2%	16.5%

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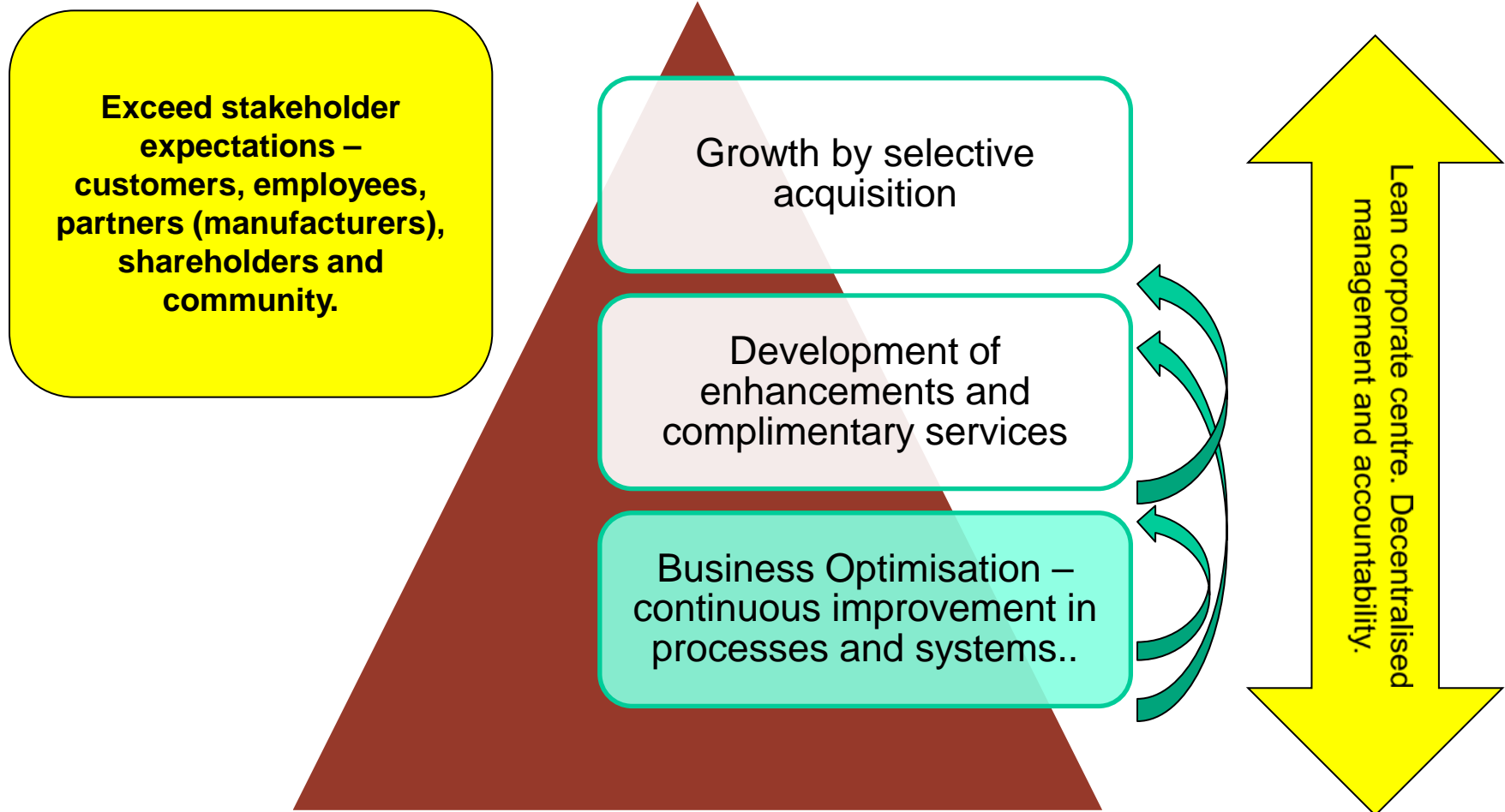


Property Segment

- Lower interest cost in 2012.
- Additional non-income generating development property acquired in Cardiff NSW.
- Overall impact of revaluations +\$1.9 million .
- Property assets held for sale of \$24 million.

	FY2012 \$m	FY2011 \$m
Rental Income	29.1	29.2
Profit before tax	11.9	12.0
Revaluation surplus/(deficit) (b/tax)	1.9	(0.1)
Total Assets	350.9	338.2
Total Liabilities	163.7	164.7
Net Assets	187.2	173.5
RONA Trading (a/tax)	4.5%	4.8%
RONA incl. revaluations	5.2%	4.8%

Strategy (FOCUS: GROW EPS & PAY LARGER DIVIDENDS)



Strategy (FOCUS: GROW EPS & PAY LARGER DIVIDENDS)

- Business Optimisation – Short Term
- Continue to improve performance in all business units
- Pruning where required
- Grow clusters e.g. Cardiff NSW (Completion December 2013)
- Jaguar Land Rover Brookvale (April 2013)

- Business Optimisation – Medium Term
- Continue “held for sale” property process

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Proposed Cardiff Cluster NSW



1

SITE PLAN

1:500

SCHEDULE	
DESCRIPTION	DATE
PRELIMINARY DESIGN	2011/03
FINAL DESIGN	2011/03
CONSTRUCTION	2011/03
AS BUILT	2011/03

Amendments	
#	Date Description

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client
ASSOCIATED FINANCE
 PO BOX 199 PORTLUKE VALLEY QLD 4006
 project
PROPOSED VEHICLE FACILITY
 LOT 12 DP559087 2 STURT ROAD
 CARDIFF NSW 2285

drawing title
 Size & Ground Floor Plan

date
 23/08/11

page size
 A3

project number
 2011/03

drawing number issue
PRE 01/A3F

0m 5 10 15 20 25
 SCALE (m)

Proposed Cardiff Cluster NSW



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Jaguar Land Rover Brookvale



AMENDMENTS		
#	Date	Description
<p>Christine J. Avramidis R. Design (Consulting) 220 WENTWORTH AT OPDAL AVENUE, MUSKUMBI SYDNEY NSW 1500 Mobile: 0883 497 046 Email: christine@rdesign.com.au</p> <p>This drawing is provided under the Copyright Act 1968 and is the copyright of Christine J. Avramidis. No part, reproduction, copying or sale of this drawing without the permission of Christine J. Avramidis.</p> <p>Do not make this drawing, use, spread, disseminate or copy. Confine all dimensions and notes on this plan to current sheet if any work, preparation of shop drawings or fabrication of components.</p>		
<p>client BILL BUCKLE AUTO</p> <p>project SIGNAGE CONCEPT SKETCH OF CONVERSION AT 790 PITTWATER ROAD, BROOKVALE NSW 2100</p> <p>drawing title 3D IMAGE</p> <p>date 3/05/12</p> <p>page size A3</p> <p>project number 12MD05</p>		
drawing number	sheet	
SK01	A	

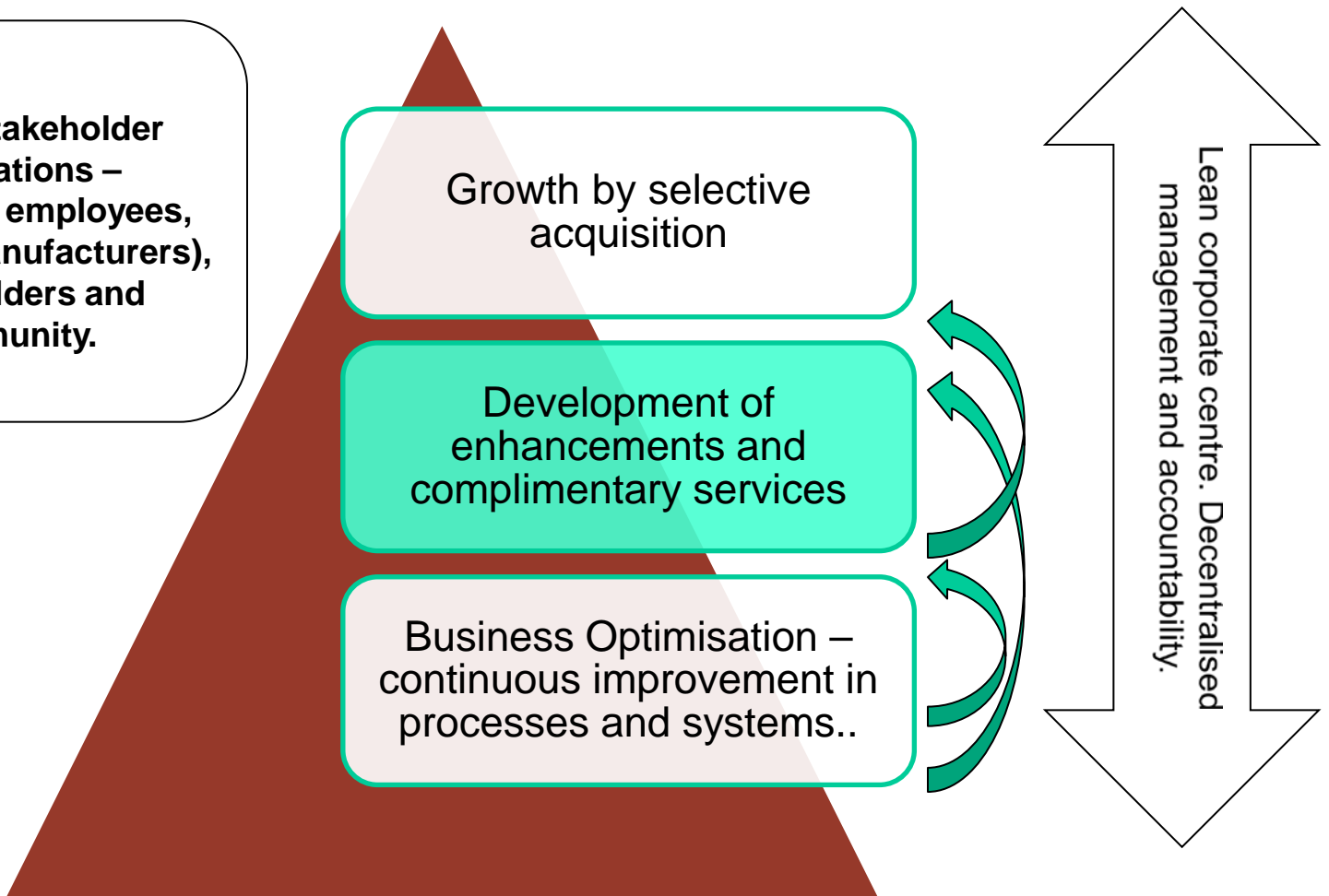
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Strategy (FOCUS: GROW EPS & PAY LARGER DIVIDENDS)

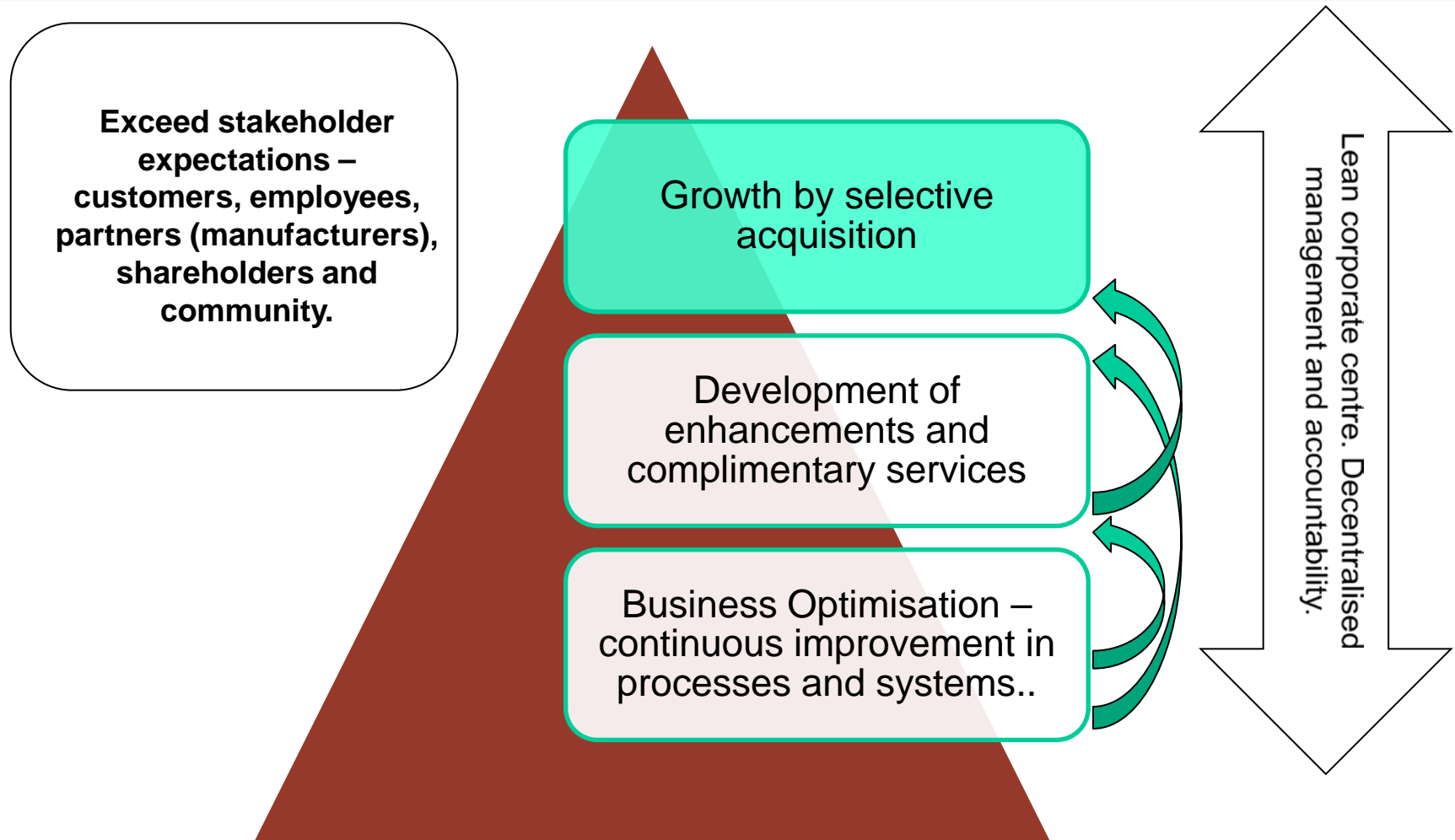
Exceed stakeholder expectations – customers, employees, partners (manufacturers), shareholders and community.



Strategy (FOCUS: GROW EPS & PAY LARGER DIVIDENDS)

- Development of Enhancement & Complimentary Services – Medium / Long Term
- MTAI Insurance (25yrs old, APE 21%)
- www.carsguide.com.au (15mths old, APE 7.5%)
- www.carzoos.com.au (11mths old APE 100%)
- New initiatives second half 2013

Strategy (FOCUS: GROW EPS & PAY LARGER DIVIDENDS)



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Growth By Selective Acquisition

- October 2010 Adtrans cars and trucks (Sydney/Melbourne/Adelaide)
- November 2010 Western Star / Man / Dennis Eagle Trucks (Sydney)
- March 2011 Eblen Subaru (Adelaide)
- September 2011 Daimler Trucks, Freightliner / Fuso / MB Trucks & Vans (Adelaide)
- 2012 18.57% AHE investment
- 2013 Numerous options being explored

Why Invest in AP Eagers – Secure Balance Sheet

- Any investment in AP Eagers is underpinned by \$341m of prime metro and main road frontage real estate, (commercial rents paid by retail division)
- Property risk is limited due to average land and building value (\$7.1m x 48 current properties)
- Geographical spread of properties, Darwin, South East Queensland, Newcastle, Sydney, Melbourne and Adelaide along with often alternate use further mitigate risk.

Why Invest in AP Eagers – Retailing

- Best consumer value equation for 35 years
- Extremely competitive however industry structure and legislation has prevented “foreign” supply
- Track record of consistent profits, strong growing dividends + 56% last 24 months
- The Automotive Retail Industry is consolidating creating growth opportunities
- Track record by AP Eagers of **EPS growth from acquisitions**
- Exposure to investments (MTAI/Carsguide/AHE etc)
- Diversified portfolio; cars and trucks, luxury and mainstream, multiple brand and geographical spread.

A.P. Eagers

COMPANY PROFILE

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AP Eagers Today

- **100** year old automotive retail group founded in **1913**
- **55** years as a listed public company – dividend paid every year
- A.P. Eagers owns more than **70** acres of prime real estate with land and buildings of **\$341m (Dec 2012)**
- Represents all **12** of the top **12** selling vehicle brands in Australia and **30** car brands in total along with **11** truck / bus brands
- **97** dealership locations in Qld, NT, NSW, Vic and SA
- **3,000** employees

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AP Eagers Investments

- 20.7% ownership of MTAI Insurance Company (Since 1985)
- 7.5% ownership of www.carsguide.com.au (Nov 2011)
- 18.6% ownership of Automotive Holdings Group (2012)

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AP Eagers Volume Car Brands

Represents 12 of the top 12 selling volume car brands in Australia



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AP Eagers Luxury Car Brands

Represents 8 of the top 9 selling luxury car brands in Australia



AP Eagers Truck and Bus Brands

Representing 11 truck and bus brands



HYUNDAI

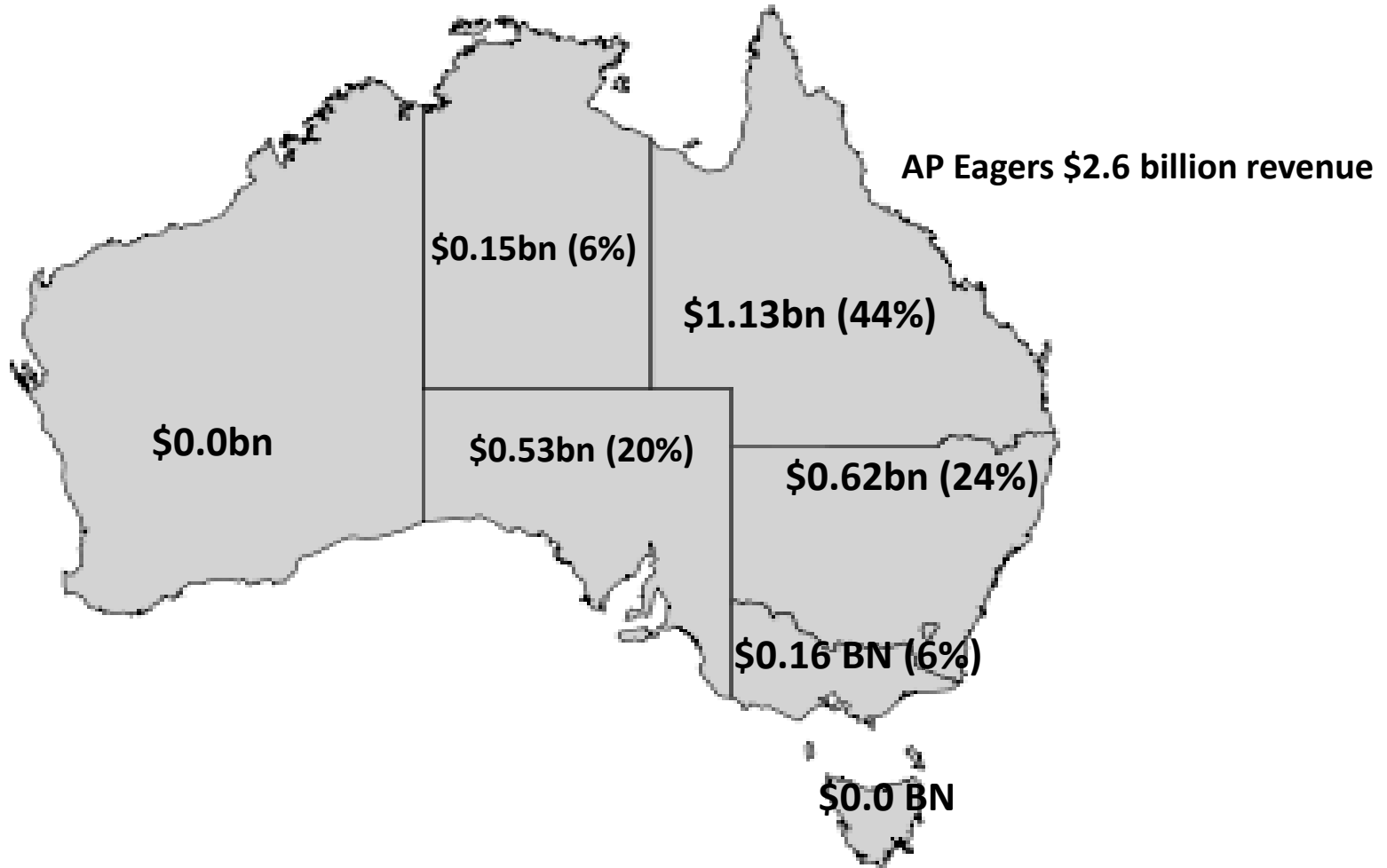


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