

A.P. Eagers

2013 Full Year Results Presentation

March 2014

Monday, March 03, 2014

© 2013 AP Eagers Limited. All Rights Reserved.



2013 Full Year Highlights

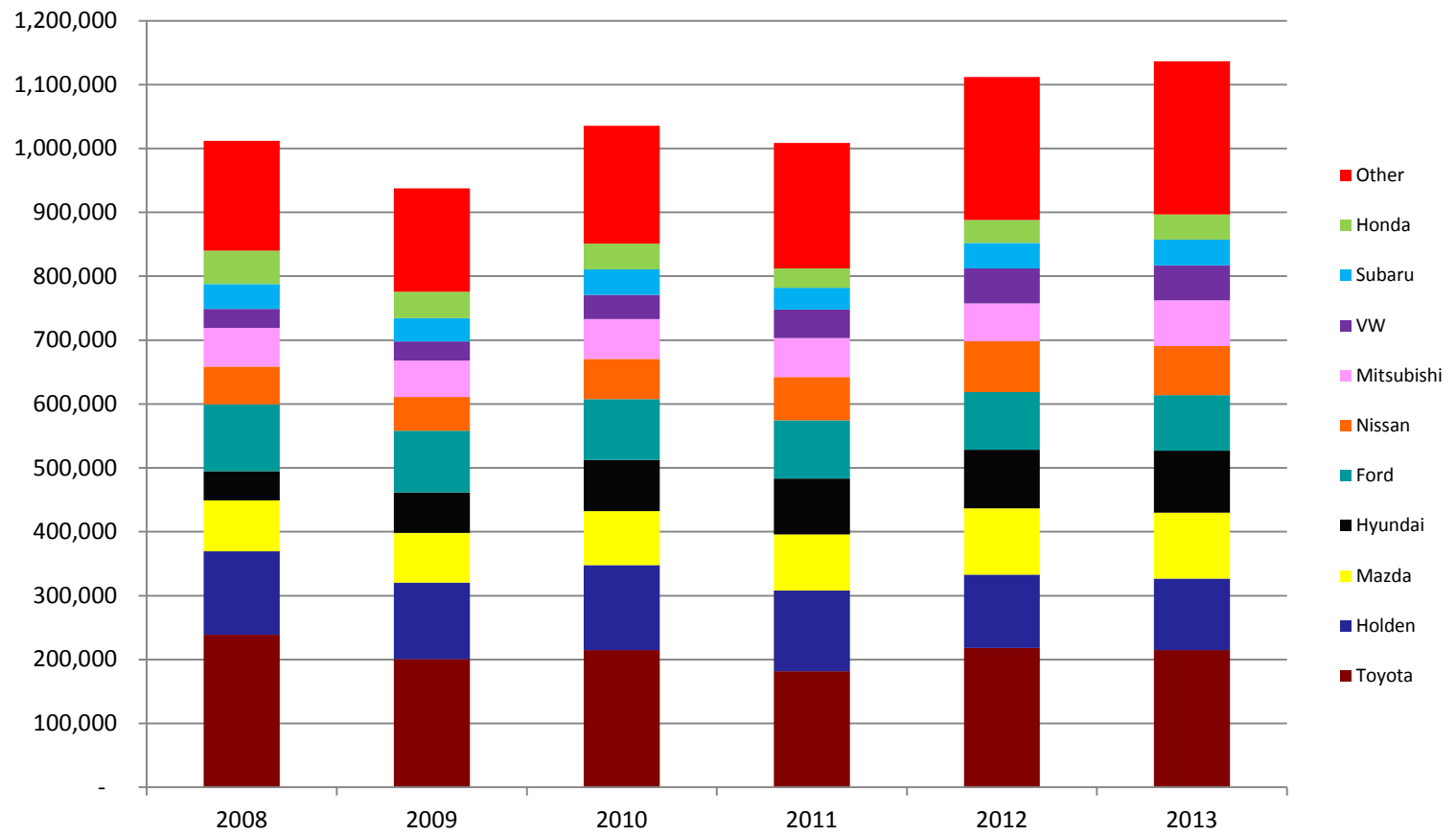
- Record statutory profit after tax up 15.1%
- Record statutory basis EPS of 36.4 cents an increase of 7.1%
- Record underlying EPS up 7.6%
- Fully franked dividend of 15 cents for a record full year dividend of 23 cents
- Dividend payout up 80% over 3 years
- Revenue and margin growth in parts and service offset industry wide pressure on new car gross
- Industry wide pressure on new car grosses have led to greater acquisition opportunities at reasonable prices.

Monday, March 03, 2014

© 2013 AP Eagers Limited. All Rights Reserved.



National Vehicle Sales



Monday, March 03, 2014

© 2013 AP Eagers Limited. All Rights Reserved.



Affordability

Super-affordable cars



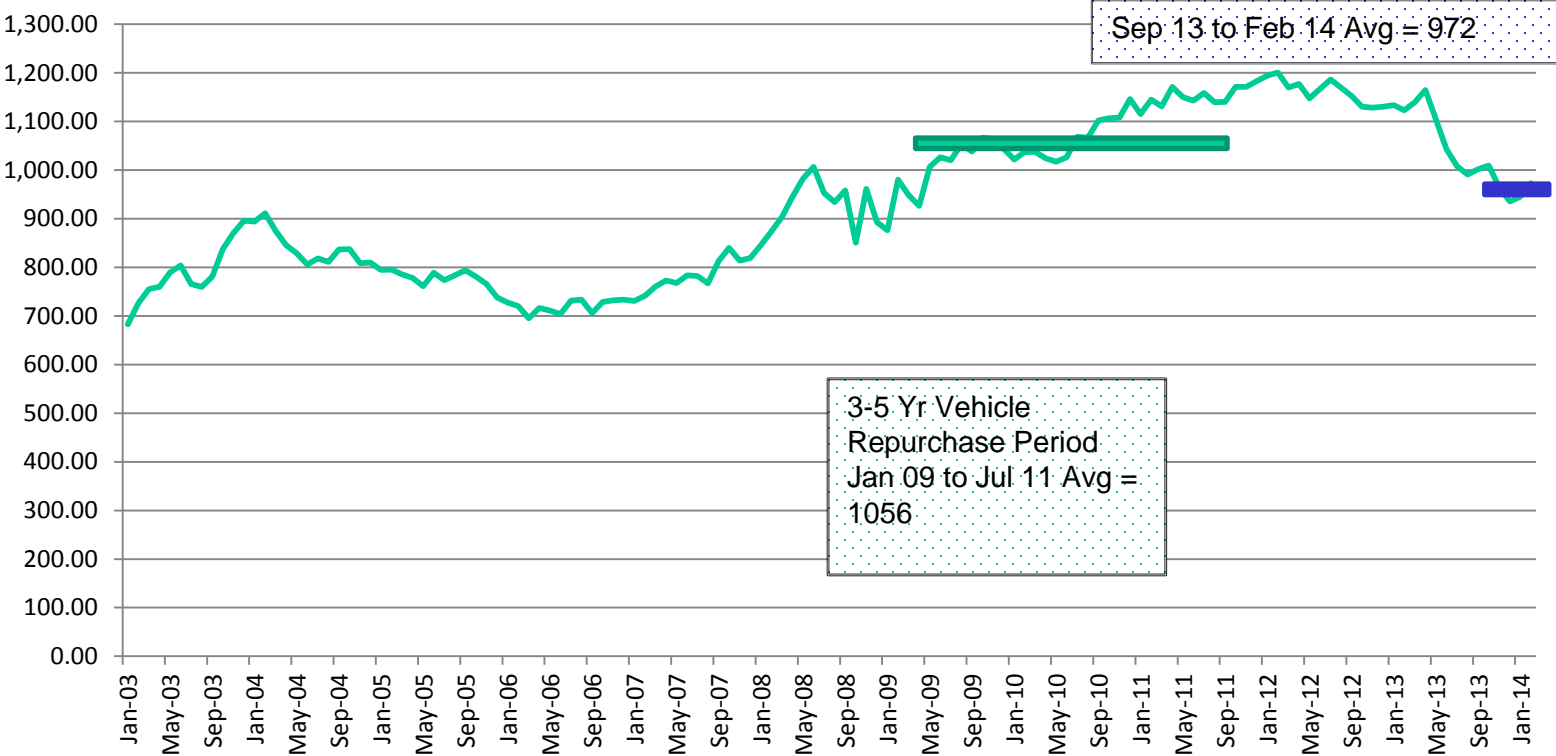
Source: CommSec, NRMA, AAA, ABS

More affordable luxury cars



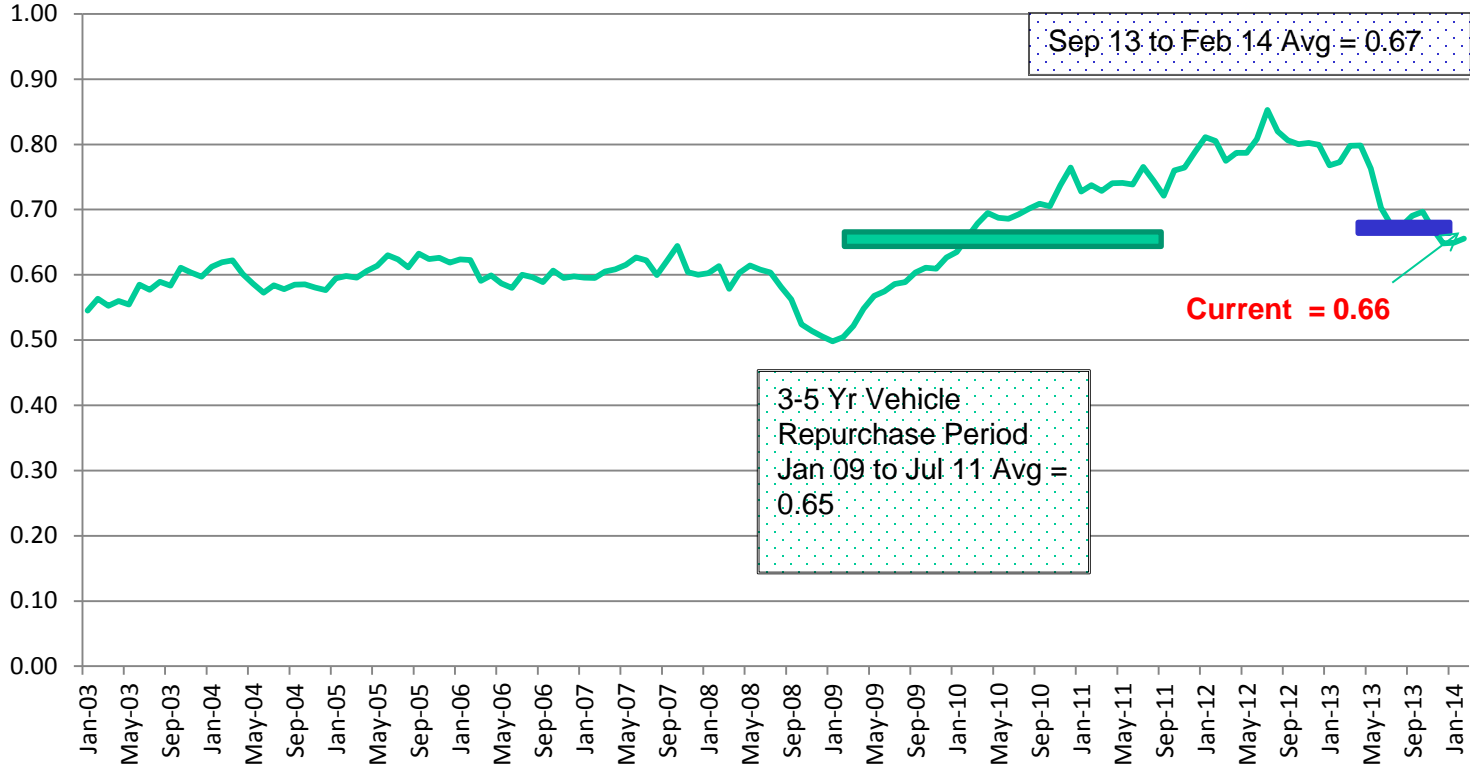
Affordability

AUD/KRW Monthly



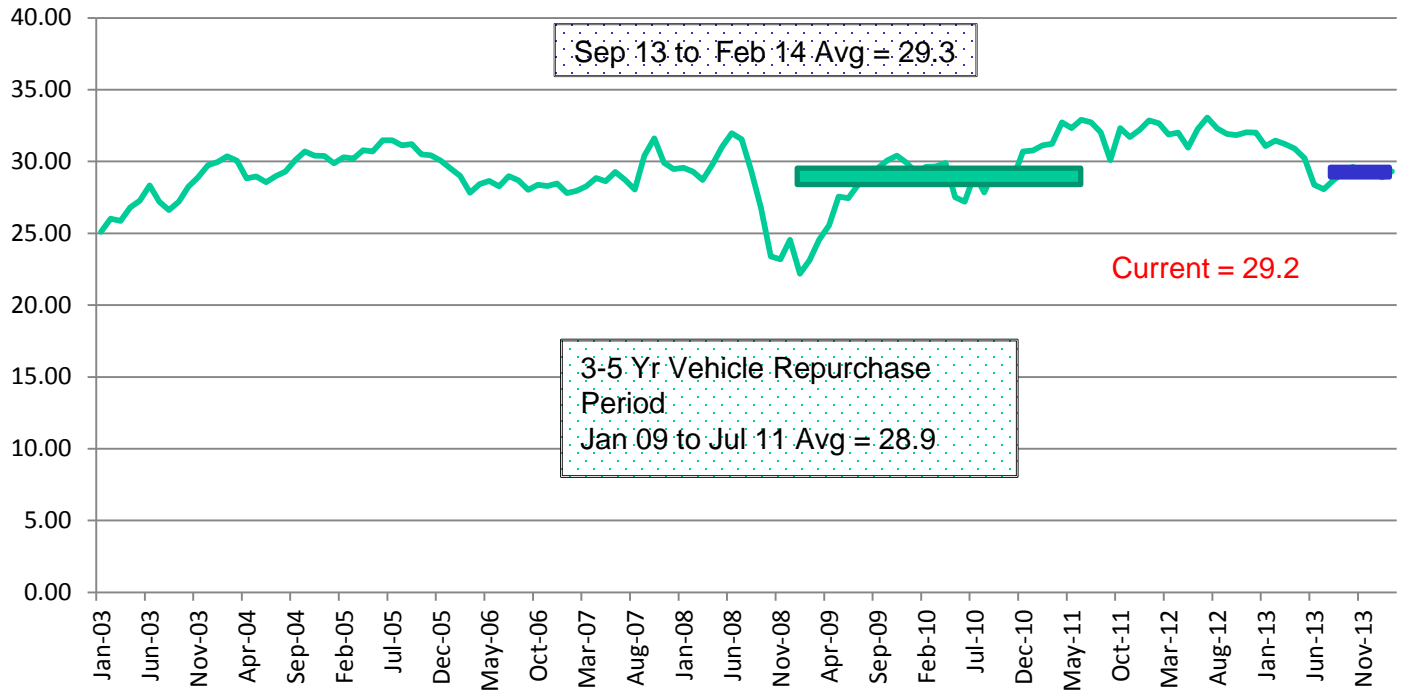
Affordability

AUD/EUR Monthly



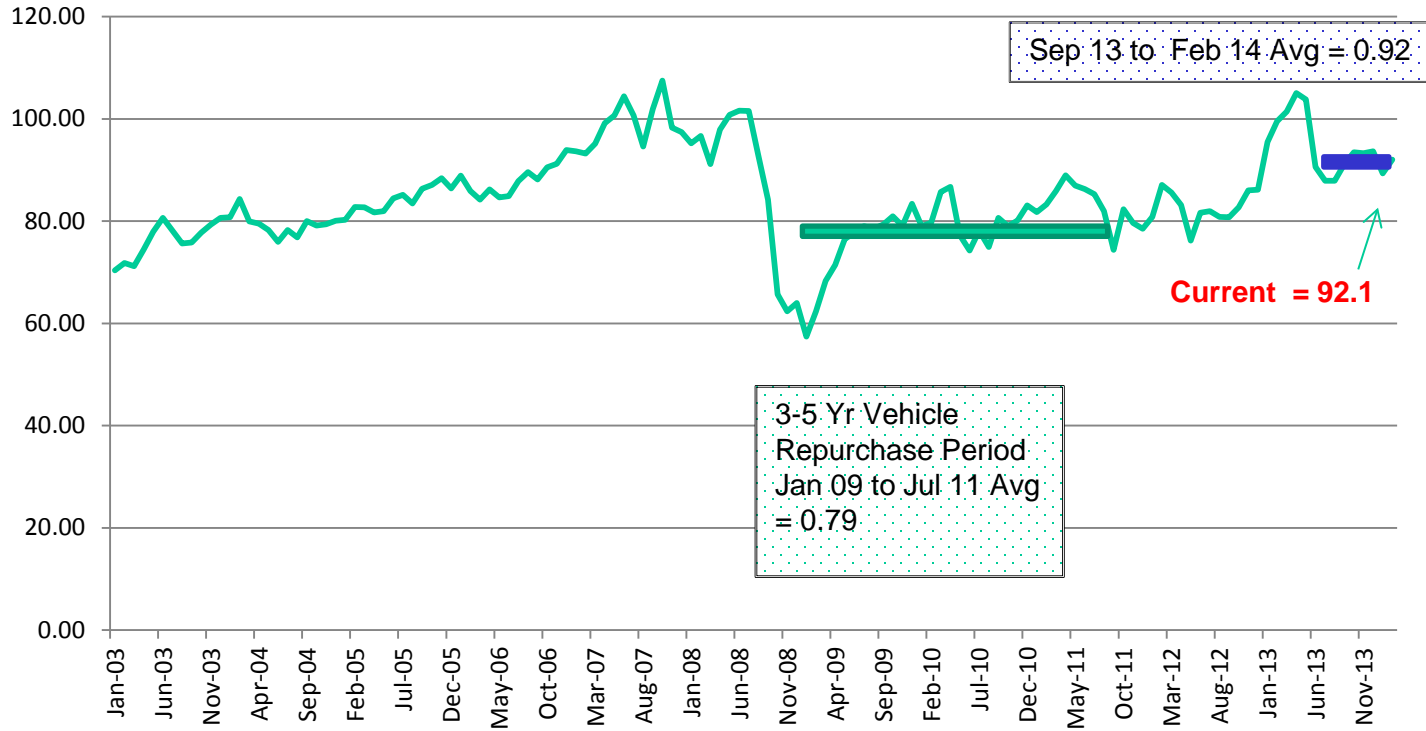
Affordability

AUD/THB Monthly



Affordability

AUD/JPY Monthly

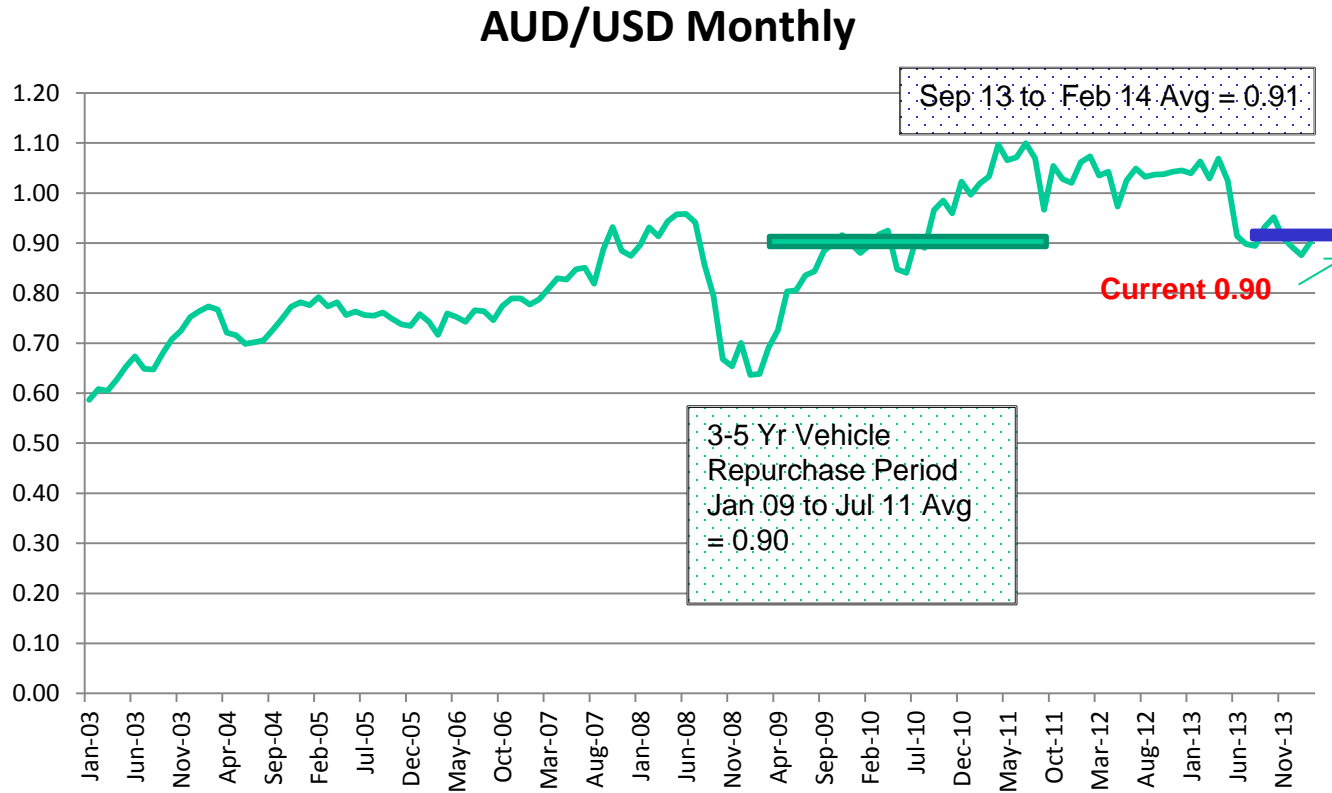


Monday, March 03, 2014

© 2013 AP Eagers Limited. All Rights Reserved.



Affordability



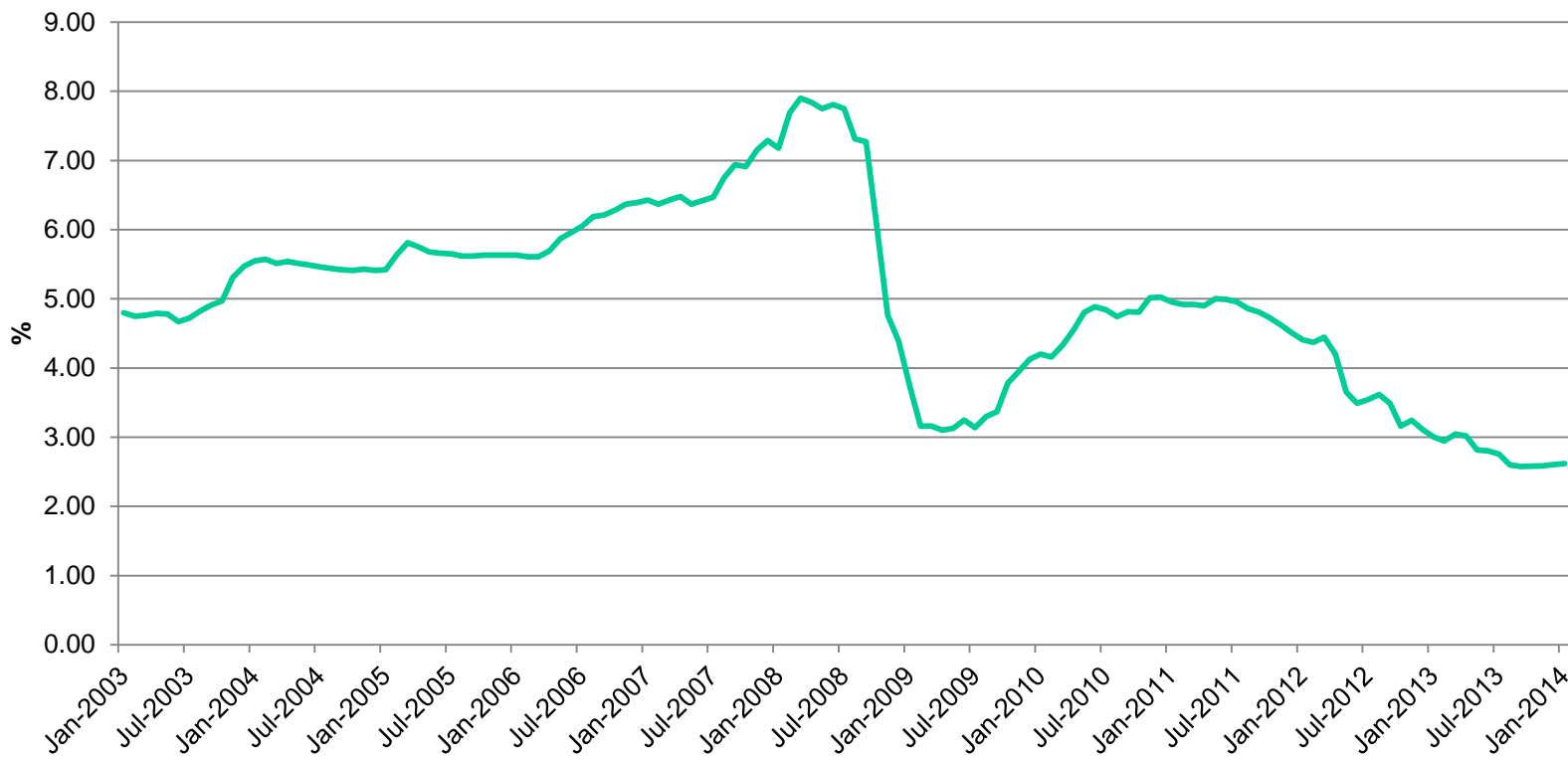
Monday, March 03, 2014

© 2013 AP Eagers Limited. All Rights Reserved.



Affordability

90 Day Bank Bill Rate



Monday, March 03, 2014

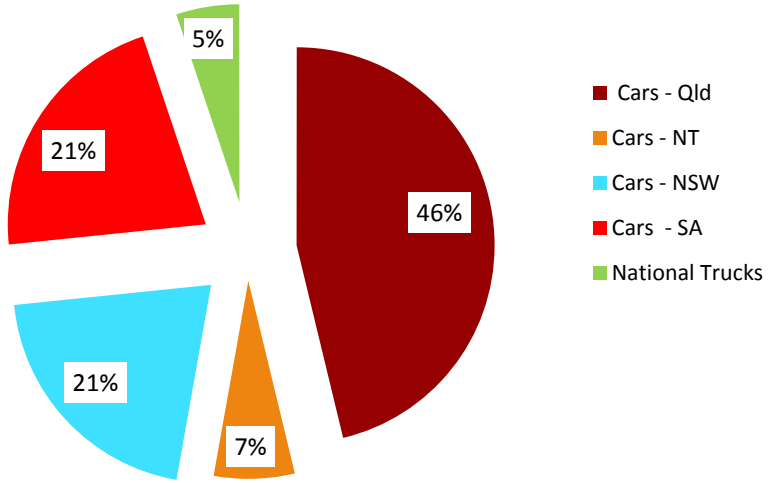
© 2013 AP Eagers Limited. All Rights Reserved.



APE Vehicle Sales

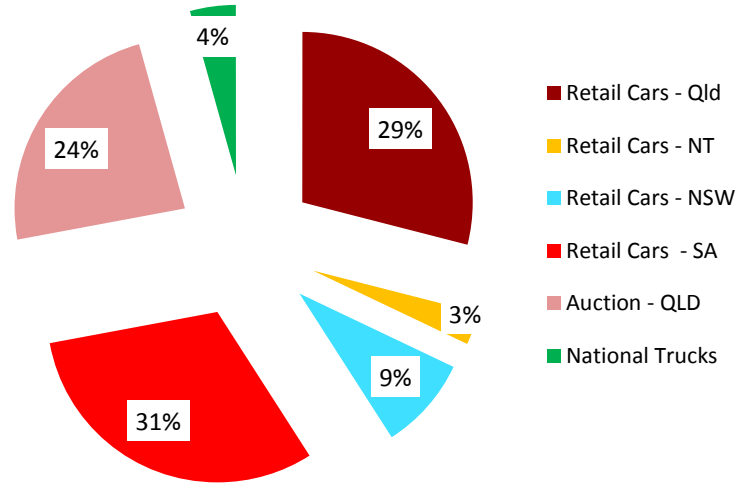
A.P Eagers New Vehicle Sales

Total 42,610 (3.8% of National Market)



A.P. Eagers Used Vehicle Sales

Total 23,396



2013 Full Year Highlights - Financial

- Record statutory basic EPS of 36.4 cents an increase of 7%.
- Fully franked final dividend of 15 cents for a record full year dividend of 23 cents.
- Dividend payout up 80% over 3 years.
- EBITDA increased to \$122m up 7%.
- NPBT increased by 10% to \$86.7m
- Cash flow from operations of \$76.1 million.
- Interest expense down 6% on 2012, due to lower interest and stable gearing levels.

Monday, March 03, 2014

© 2014 AP Eagers Limited. All Rights Reserved.



Financial Summary - Statutory

\$ Million	2013	2012	Change
Revenue	2,672.8	2,642.5	Up 1%
EBITDA	122.3	114.8	Up 7%
EBIT	109.9	103.5	Up 6%
PBT	86.7	78.7	Up 10%
PAT	64.0	55.5	Up 15%
Cash from operating activities	76.1	55.6	Up 37%
NTA/share	2.34	2.06	Up 14%
Gearing excluding bailment debt	27%	30.0%	Down 10%

Monday, March 03, 2014

© 2014 AP Eagers Limited. All Rights Reserved.



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.
- AHG investment valued at \$192.9 million.
- NTA increased by 14% to \$2.34/share.

	31/12/13 \$m
CA-CL (excl. held for sale)	92.4
Freehold Property (incl. held for sale)	334.3
Other Non Current Tangible Assets	33.7
Investments	199.5
Intangibles	125.3
Non Current Debt	(211.1)
Other N/C Liabilities (Deferred tax, finance leases and provisions)	(35.0)
Net Assets	539.1

Monday, March 03, 2014

© 2014 AP Eagers Limited. All Rights Reserved.



Asset Fair Value Adjustments (before tax)

\$ Million	2013	2012
Balance Sheet		
- Freehold Property	+3.2	+0.7
- Investments	+22.8	+21.9
Profit or Loss		
- Investments	0	0
- Freehold Property	0	+1.1
- Intangible Assets	0	-0.8
Total	+26.0	+21.8

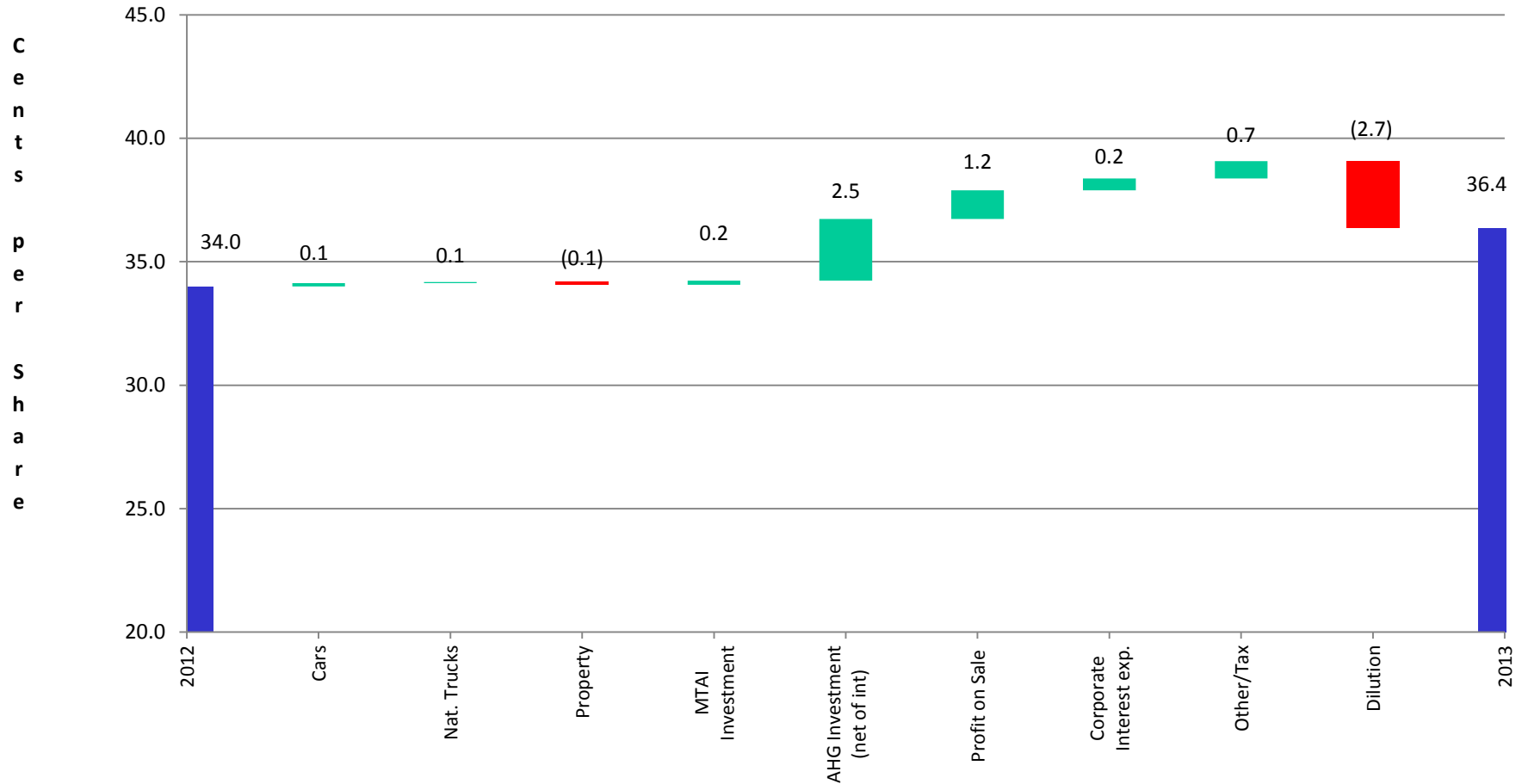
Monday, March 03, 2014

© 2014 AP Eagers Limited. All Rights Reserved.



Earnings Per Share

EPS 2013 Bridge



Monday, March 03, 2014

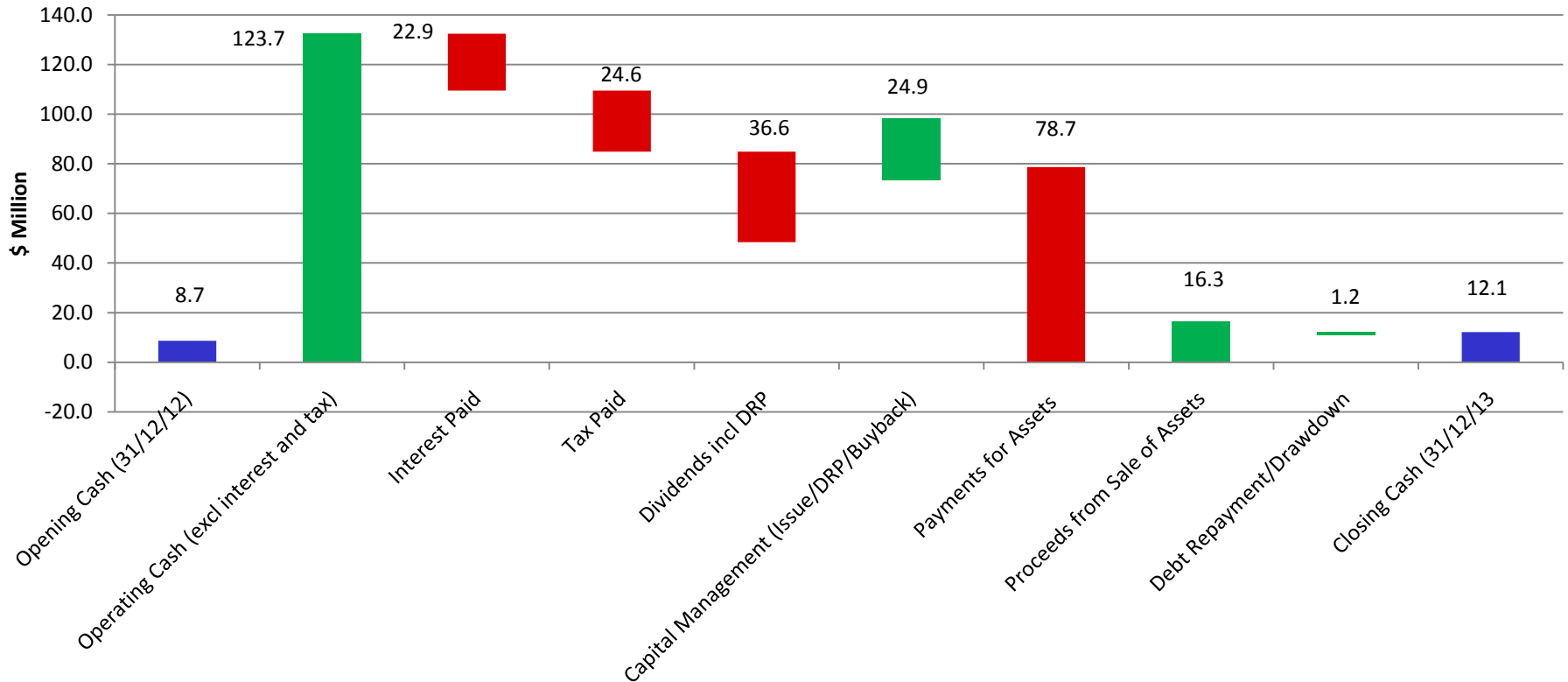
© 2013 AP Eagers Limited. All Rights Reserved.



Financial Summary - Cashflow

Cashflow Full Year 2013

Adj. for DRP

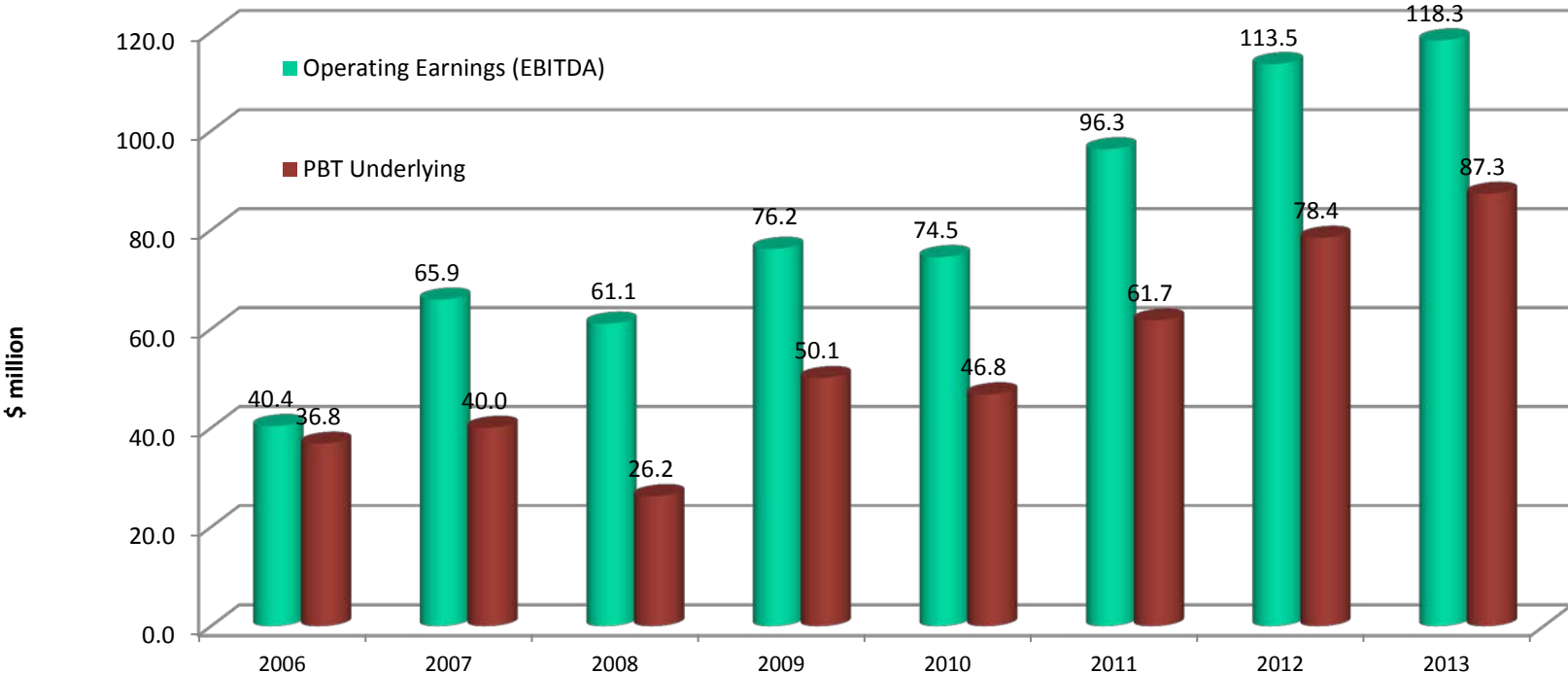


Monday, March 03, 2014

© 2014 AP Eagers Limited. All Rights Reserved.



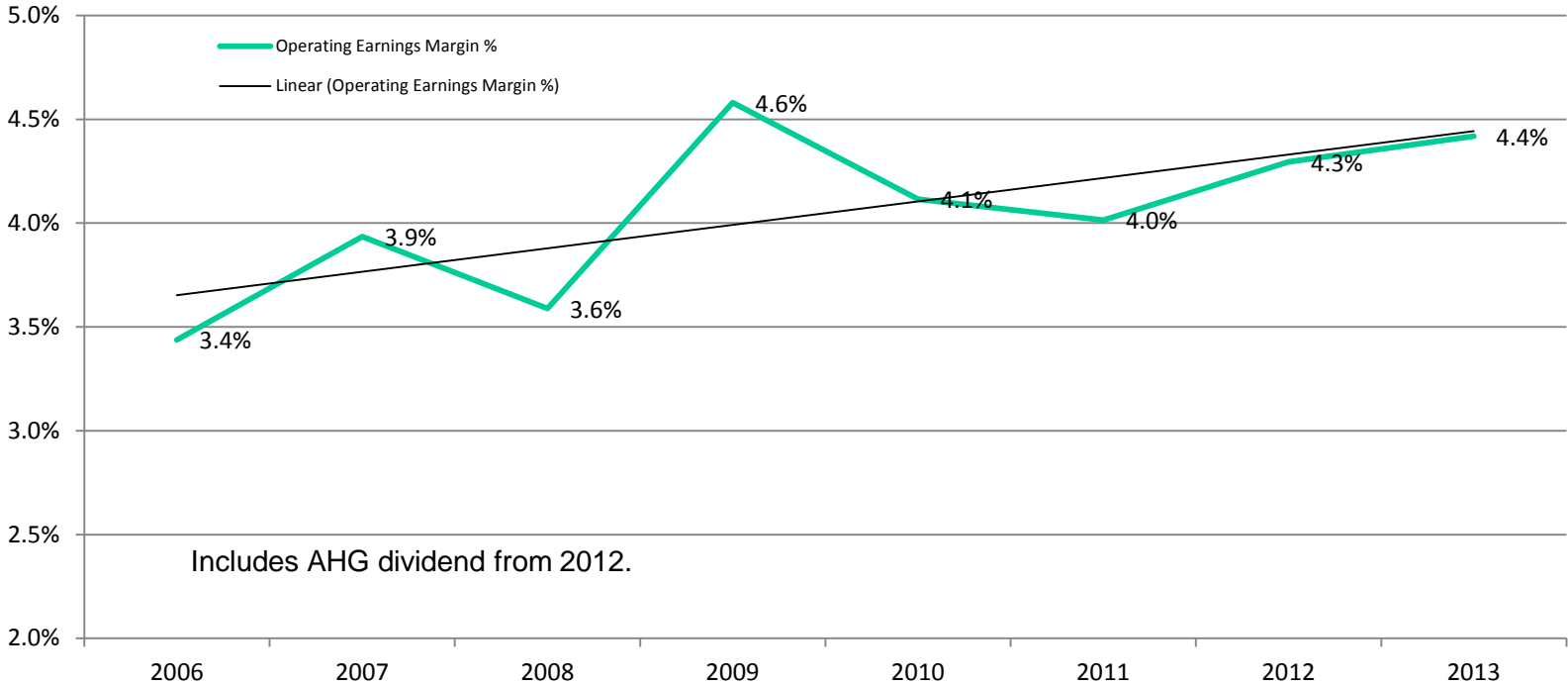
Financial Trends



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

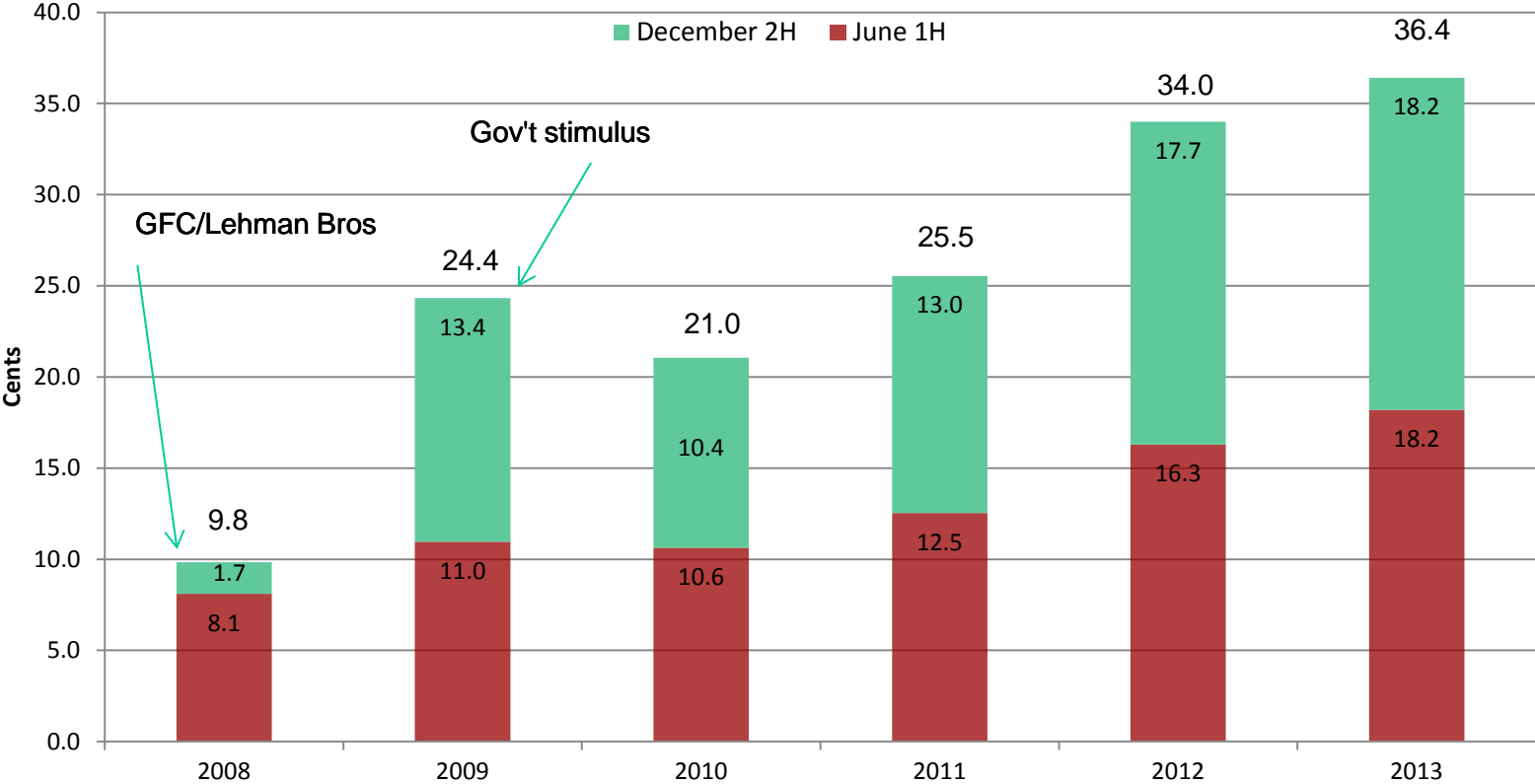
Financial Trends

Operating Margin



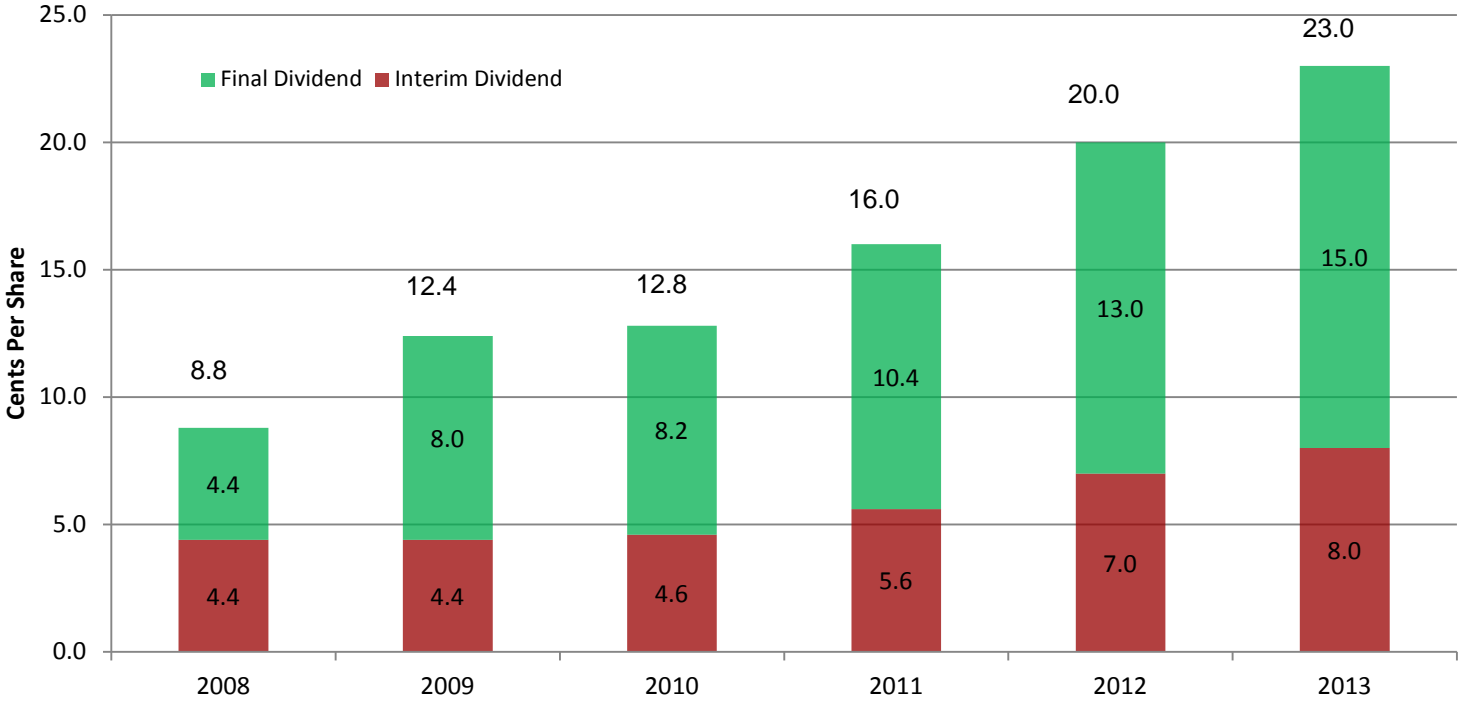
Financial Trends

EPS Statutory (Basic)



Financial Trends

Dividend



Segment Results

Car Retailing

Strong SA Cars performance offset by poor results in Newcastle/Hunter Valley ,and consistent QLD/NT results. Pressure on new car gross in some brands/locations offset by revenue and margin growth in parts and service. Gain on sale of businesses.

Truck Retailing

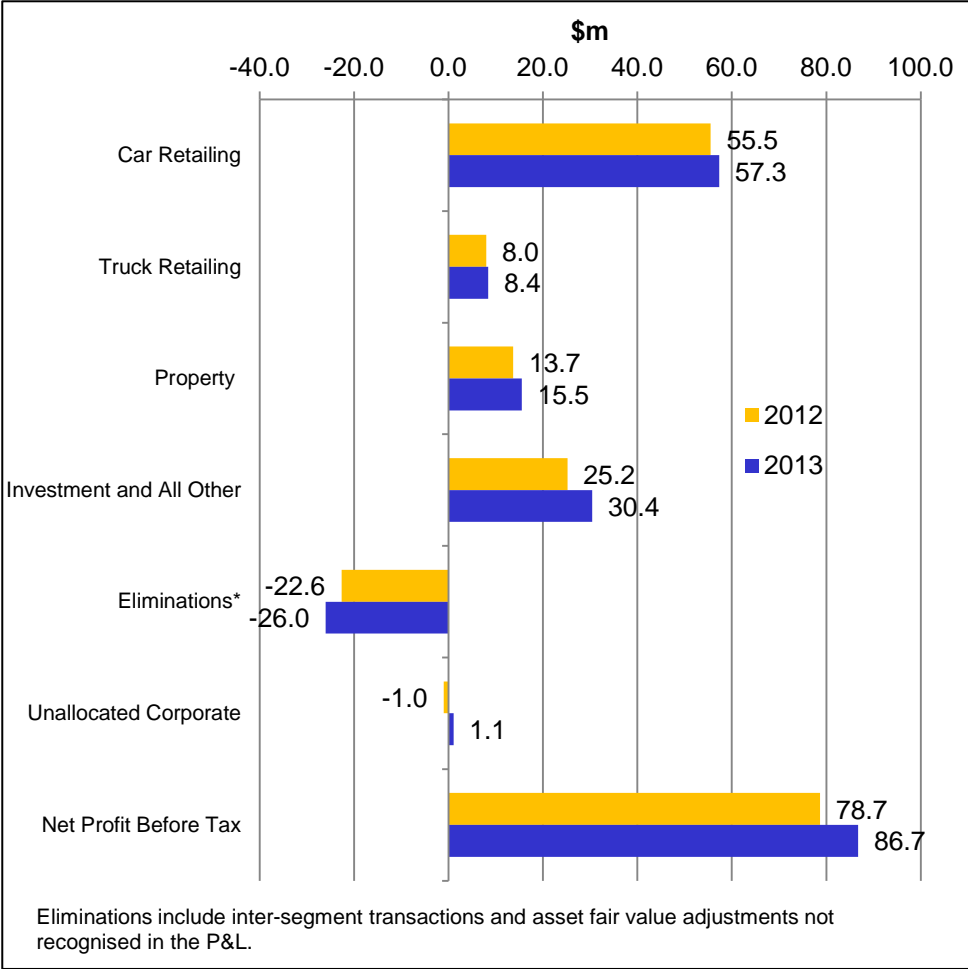
New and used performance generally slightly weak reflecting market conditions. Good parts and service performance. Lower interest expense.

Property

Consistent income, unrealised gains on revaluation.

Investment and All Other

Dividend income and further unrealised gains on revaluation of AHG investment.



Car Retailing Segment

- Consistent operational results in a less favorable market.
- Inventory tightly managed.
- RONA now reflects estimated segment effective tax rate not company average.

	FY2013	FY2012
	\$m	\$m
Revenue	2,208	2,197
Segment Profit before tax	57.3	55.5
Total Assets	537.6	523.9
Total Liabilities	348.9	339.4
Net Assets	188.7	184.5
PBT/Revenue	2.6%	2.5%
RONA (after tax)	21.4%	20.7%

Monday, March 03, 2014

© 2013 AP Eagers Limited. All Rights Reserved.



Truck Retailing Segment

- Consistent with 2012.
- Continued focus on improving the return on capital employed.

	FY2013 \$m	FY2012 \$m
Revenue	410.8	400.7
Segment profit before tax	8.4	8.0
Total Assets	138.2	141.4
Total Liabilities	95.1	98.8
Net Assets	43.1	42.6
PBT/Revenue	2.0%	2.0%
RONA (after tax)	13.7%	12.9%

Monday, March 03, 2014

© 2013 AP Eagers Limited. All Rights Reserved.



Property Segment

- Lower interest cost in 2013.
- Hidden Valley, Darwin and James St, Fortitude Valley properties sold. Construction on Cardiff nearing completion.
- Overall impact of revaluations +\$3.2 million .
- Property assets held for sale of \$21.6 million.

	FY2013 \$m	FY2012 \$m
Rental Income	28.9	29.1
Segment Profit before tax	12.3	11.8
Revaluation surplus/(deficit) (b/tax)	3.2	1.9
Total Assets	343.0	347.2
Total Liabilities	166.6	163.9
Net Assets	176.5	183.2
RONA Trading (a/tax)	4.8%	4.5%
RONA incl. revaluations	6.2%	5.1%

Monday, March 03, 2014

© 2013 AP Eagers Limited. All Rights Reserved.



Investment and All Other

- Further revaluation gains adding to a substantial asset driving overall return.
- Deferred consideration of \$47 million settled in 2013.

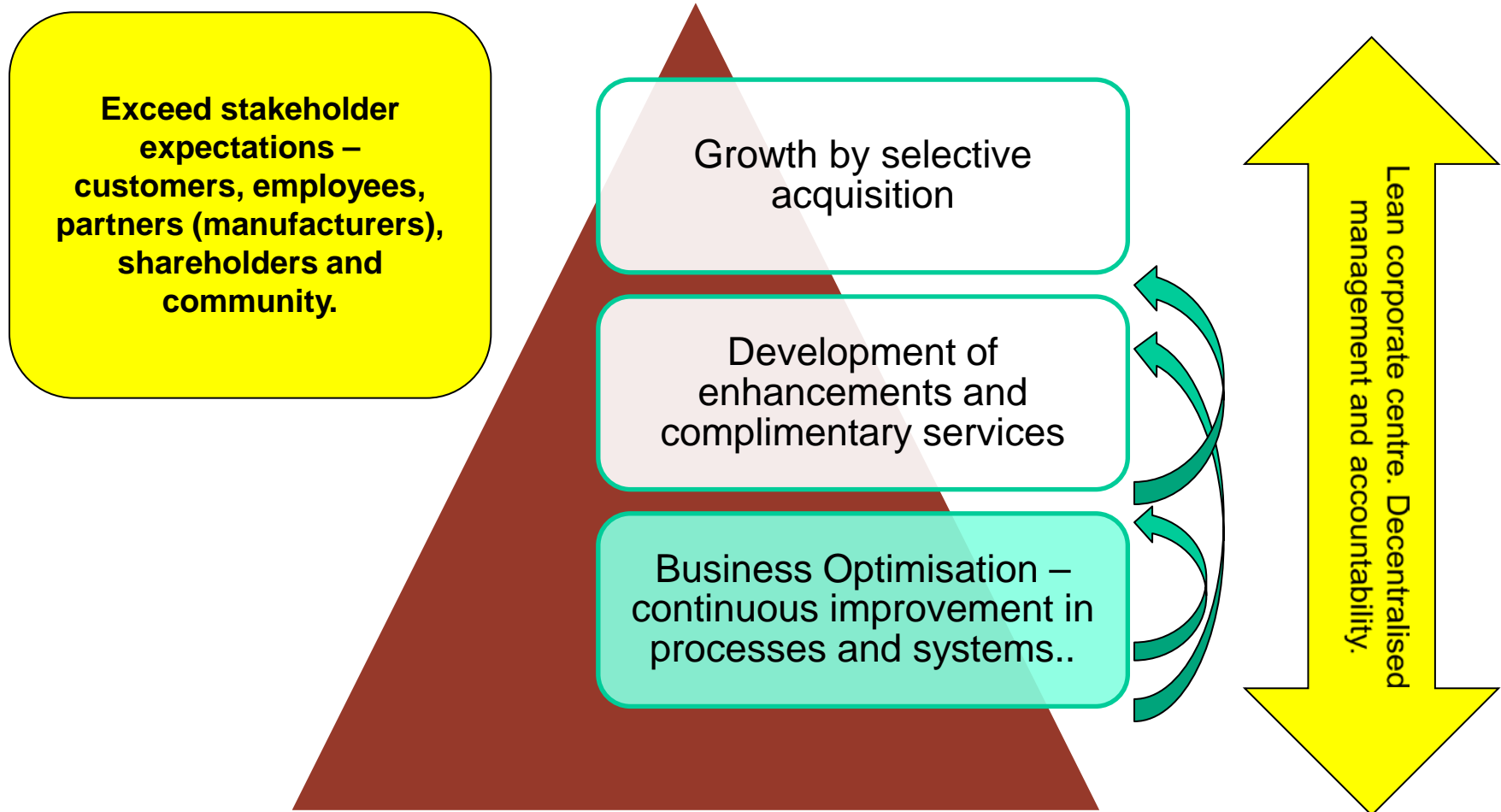
	FY2013 \$m	FY2012 \$m
Revenue	53.2	43.5
Segment Profit before tax	7.6	4.1
Revaluation surplus/(deficit) (b/tax)	22.8	21.1
Total Assets	198.0	165.6
Total Liabilities	67.1	107.4
Net Assets	130.9	58.2
RONA Trading (a/tax)	5.8%	7.4%
RONA incl. revaluations	18.6%	32.2%

Monday, March 03, 2014

© 2013 AP Eagers Limited. All Rights Reserved.



Strategy (FOCUS: GROW EPS & PAY LARGER DIVIDENDS)



Monday, March 03, 2014

© 2013 AP Eagers Limited. All Rights Reserved.

Strategy (FOCUS: GROW EPS & PAY LARGER DIVIDENDS)

Business Optimisation – Short Term

- Revenue and Margin growth in parts and service offset industry wide pressure on new car gross
- New car grosses now more stable
- Grow clusters e.g Cardiff NSW (Completed February 2014)

Business Optimisation – Medium Term

- Continue “held for sale” property process – Increased activity and outcomes
- Significant network changes by some manufacturers is needed and is likely to improve returns.
- Relocation and consolidation of some QLD operations 2014 – 2016 will improve all stakeholders results.

Lake Motors – New Cardiff Cluster NSW



Monday, March 03, 2014

© 2013 AP Eagers Limited. All Rights Reserved.



Lake Motors – New Cardiff Cluster NSW



Monday, March 03, 2014

© 2013 AP Eagers Limited. All Rights Reserved.



Dealers off as car industry collapses

JOSHUA DOWLING

THE collapse of car manufacturing will wipe out thousands of white-collar jobs at Toyota, Holden and Ford – and it will also likely lead to the closure of dozens of Holden and Ford dealerships across Australia.

A combined total of more than 2000 office workers support the manufacturing and logistics operations at Australia's three car makers and their roles will be redundant once the factories close by the end of 2017 and Toyota, Holden and Ford become primarily sales and marketing operations.

It will bring the true tally of job losses to about 8000 at the car makers alone, once white-collar workers join their 2500 colleagues on the factory floor at Toyota, the 1700 at Holden and the 1500 at Ford.

“There will be significant (white-collar) job losses across all three brands, no question,” a Toyota executive told *The Courier-Mail*.

Meanwhile, despite advertisements declaring their commitment to Australia, both Holden and Ford have the unenviable job of rationalising their dealer networks.

Holden has more dealerships than market leader Toyota but sells about half as many cars. Ford has almost as many dealerships as Toyota but sells less than half as many cars.

Sales of Holdens and Fords are at 20-year lows and are likely to fall even further without the preferential treatment

BY THE NUMBERS

2013 FIGURES

TOYOTA

Head office staff: 3500

Sales per employee: 755

HOLDEN

Head office staff: 1400

Sales per employee: 33

FORD

Head office staff: 2700

Sales per employee: 33

MAZDA

Head office staff: 250

Sales per employee: 310

given to Australian-made cars in government purchasing contracts.

Each Toyota dealer sold an average of 1000 cars last year while Ford and Holden dealers sold an average of 440 to 450 cars respectively.

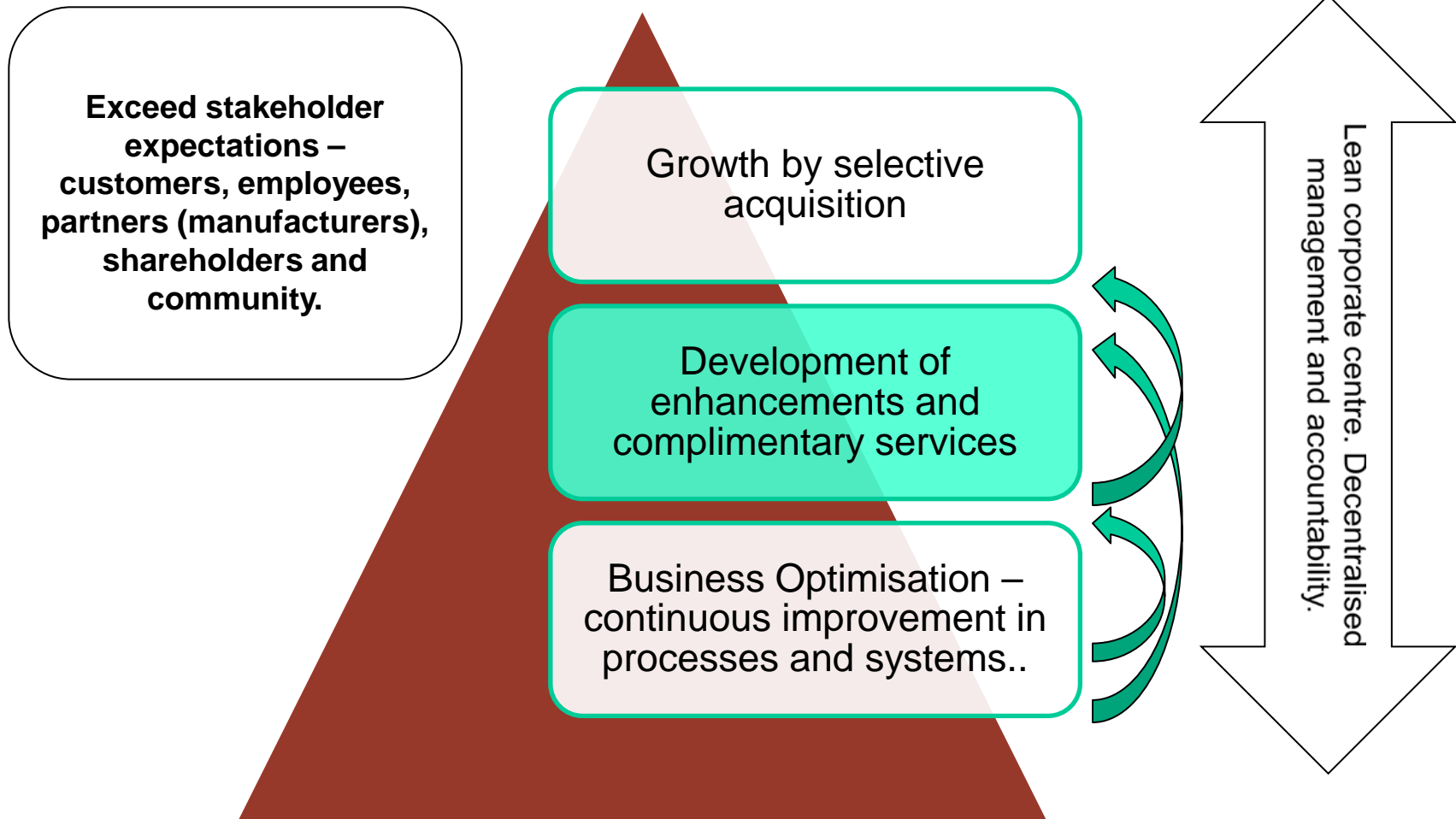
By comparison, Mazda dealers sold an average of 825 cars last year.

Holden and Ford would not speculate which dealers were vulnerable, citing “commercial in confidence” agreements, and repeated their commitment to remaining in Australia “in the long term”.

But senior sources at both companies told *The Courier-Mail* dealer numbers would likely be cut due to “natural attrition” rather than termination of contracts.

“Ford’s plan since we announced the transformation of our business is to promote profitable and viable dealers,” Ford Australia spokesman Wes Sherwood said.

Strategy (FOCUS: GROW EPS & PAY LARGER DIVIDENDS)



Strategy (FOCUS: GROW EPS & PAY LARGER DIVIDENDS)

- Development of Enhancement & Complimentary Services – Medium / Long Term
- MTAI Insurance (26 yrs old, APE 21%)
- www.carsguide.com.au (27 mths old, APE 7.5%)
- www.carzoos.com.au (23 mths old, APE 100%)
- Precision Automotive Technology [Paint protection, interior protection, ERP and window tint] (6 mths old, APE 100%)

Used car buying you can't get wrong.



48 Hour Money back Guarantee

+

120 Point Safety Check

+

Carzoos Warranty

+

Fixed Price Servicing

+

24 Hour Roadside Assist



Monday, March 03, 2014

© 2014 AP Eagers Limited. All Rights Reserved.





Used car buying you can't get wrong.



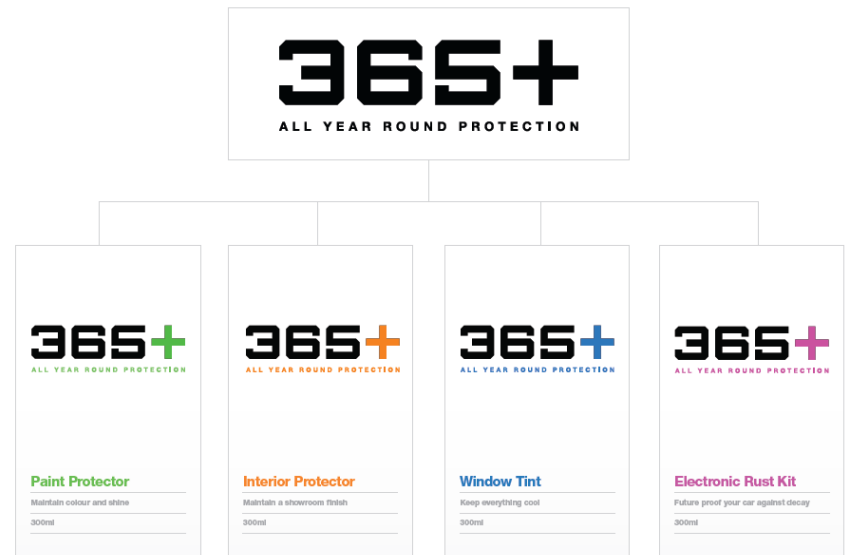
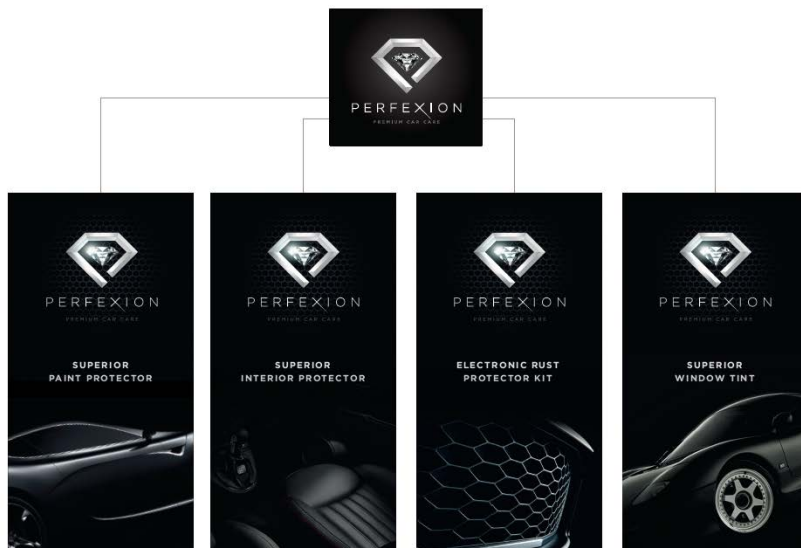
Monday, March 03, 2014

© 2014 AP Eagers Limited. All Rights Reserved.



PAT

PRECISION AUTOMOTIVE TECHNOLOGY

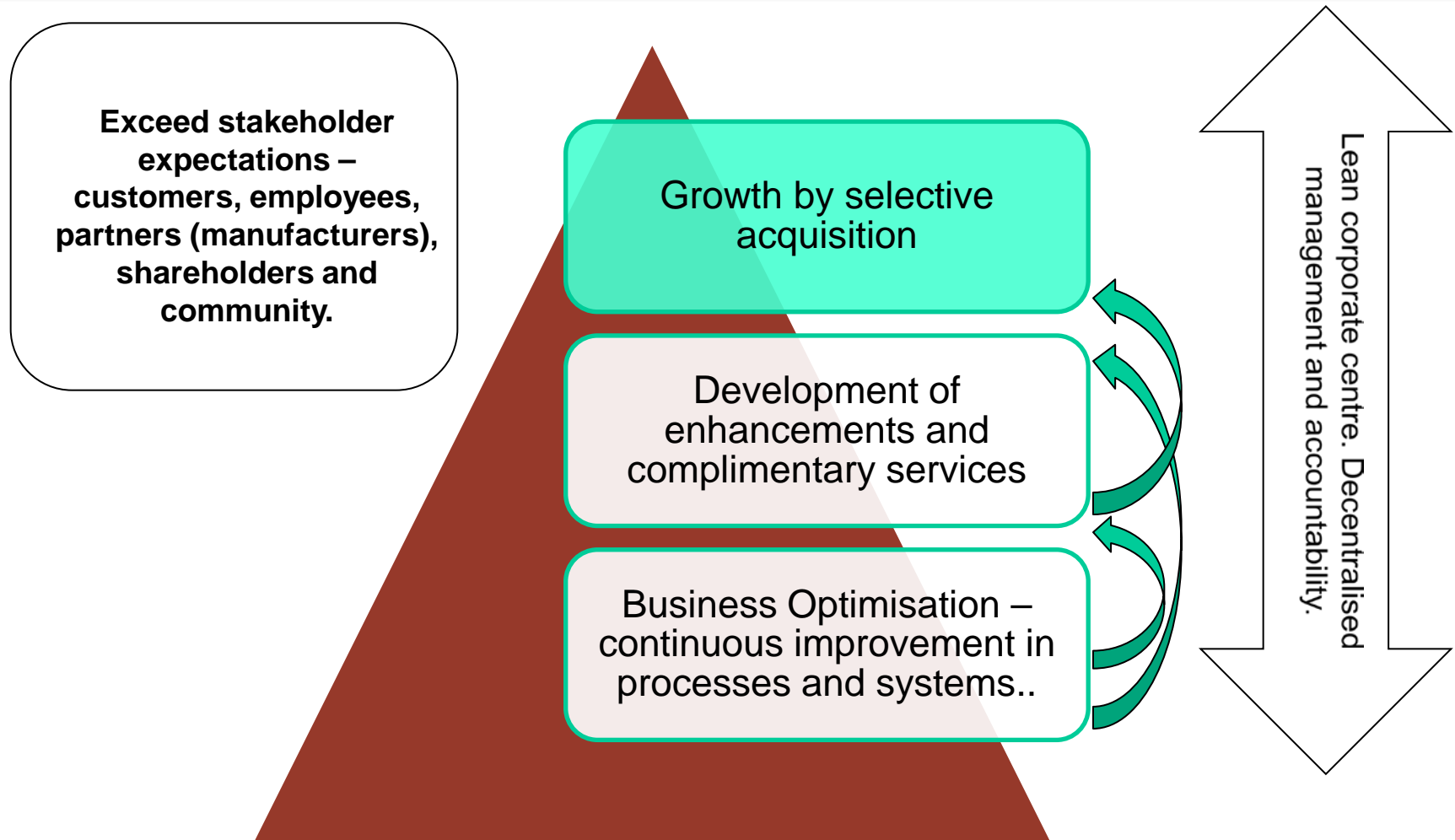


Monday, March 03, 2014

© 2014 AP Eagers Limited. All Rights Reserved.



Strategy (FOCUS: GROW EPS & PAY LARGER DIVIDENDS)



Monday, March 03, 2014

© 2013 AP Eagers Limited. All Rights Reserved.

Growth By Selective Acquisition

- 2012/13 EPS Accretive AHE Investment
- 2013 Main North and Unley - Nissan and Renault (Adelaide), EPS Accretion 2014
- 2014 EPS Accretive acquisitions expected during 2014

Main North Nissan & Renault and Unley Nissan & Renault (Adelaide)



Monday, March 03, 2014

© 2014 AP Eagers Limited. All Rights Reserved.



Forward-Looking Statements

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.