



FY2016 H1 Results Presentation

February 2016 | Bronte Howson | Managing Director



AUTOMOTIVE HOLDINGS GROUP

Company Overview



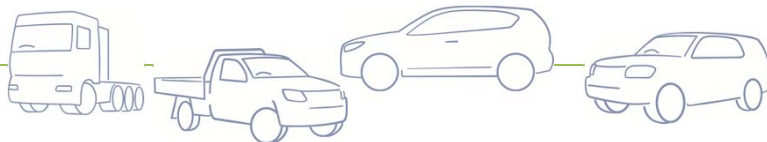
ASX 200 Company with a market capitalisation of ~\$1.38 billion
In excess of \$5.2 billion in revenue



More than 7,700 employees across Australia and New Zealand

AUTOMOTIVE

- ❑ Australia's largest automotive retailer
- ❑ 178 franchises at 104 dealerships
- ❑ Sale of new and used cars and trucks
- ❑ Vehicle servicing
- ❑ Aftercare (parts and accessories)
- ❑ Finance and Insurance



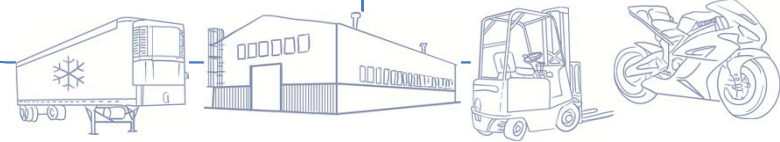
LOGISTICS

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



Financial Performance



AUTOMOTIVE HOLDINGS GROUP

Consolidated Financial Performance	1H FY2015 (\$m)	1H FY2016 (\$m)	% change
Operating ¹ Performance			
Revenue	2,565.9	2,750.9	7.2%
EBITDA	104.1	115.4	10.9%
EBITDA %	4.1%	4.1%	
EBIT	84.2	94.0	11.6%
EBIT %	3.3%	3.3%	
Operating Net Profit after Tax	46.1	49.4	7.3%
Earnings Per Share (cps)	15.0	16.1	7.3%
Interest Cover (times)	4.8	4.8	
Statutory IFRS Performance			
Unusual items	(1.1)	(1.3)	
Statutory Net Profit after Tax	45.0	48.2	7.0%
Earnings Per Share (cps)	14.7	15.7	6.8%

- Improved operating performance highlighted by integration of acquisitions
- Revenues up 7.2% to \$2,750.9 million
- Record Statutory Net Profit after Tax, up 7.0% on PCP
- Operating¹ EBITDA of \$115.4 million, up 10.9% on PCP
- Operating¹ EBIT of \$94.0 million, up 11.6% on PCP
- Interest cover 4.8x
- Operating¹ EPS up 7.3% to 16.1 cents

The half-year in review

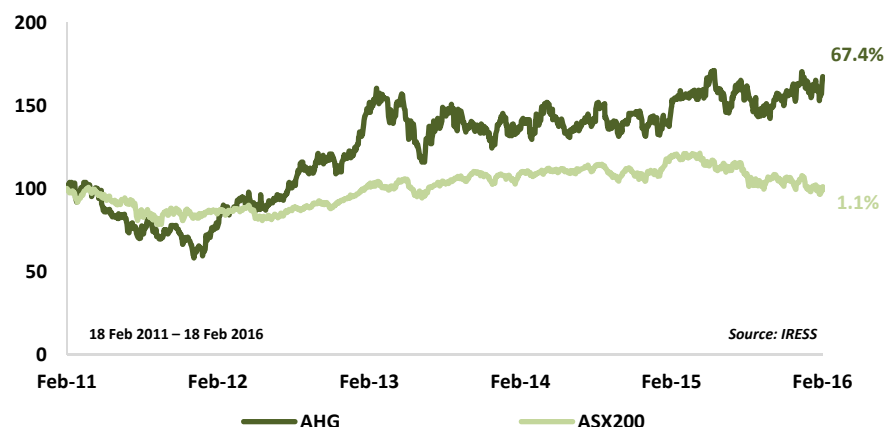
HY2015
Operating¹ profit
up 7.3% to
\$49.4m driven by
outperformance
in Automotive
segment

- Strong Automotive result with growth in NSW, Qld, Vic and NZ
- Acquisition of Mercedes-Benz in WA and West Auckland Nissan
- Opened EasyAuto123 facility in WA – Used car sales and service
- Expanded Aspley hub in Queensland:
 - Awarded new Nissan franchise
 - Acquisition of CJD franchise in April 2015
- Sale and leaseback of Automotive properties in NSW
- Review and restructure of Refrigerated Logistics
- Restructure of GTB-VSE
- Higer Bus acquired from WMC administration

Shareholder returns profile



Share Price Performance – Five years



18 Feb 2016	AHG	ASX 200
Share price	\$4.52	4992.00
1-Yr TSR ²	18.3%	(11.5%)
3-Yr TSR ²	29.2%	12.6%
5-Yr TSR ²	125.8%	27.0%

²Includes capital growth and reinvestment of dividends

Market Snapshot (18 Feb 2016)

Ticker	ASX : AHG
Share Price (17 Feb 2016)	\$4.52
Shares on Issue	306,541,437
Market Capitalisation	\$1.386 billion

Divisional Split* (FY2015)

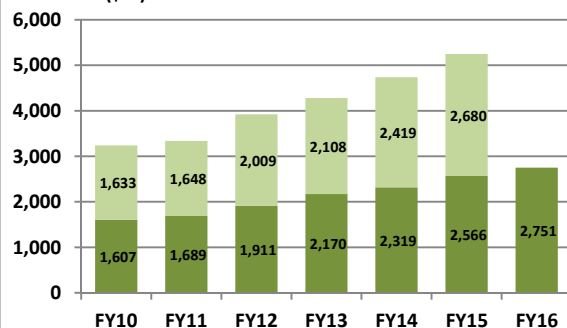


Performance

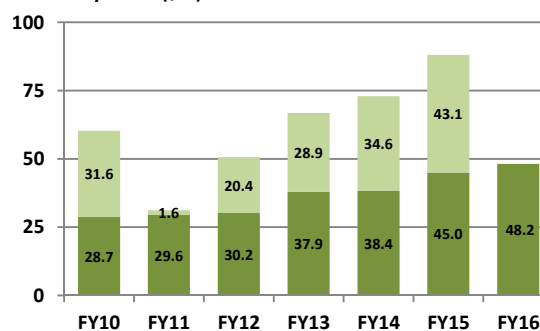


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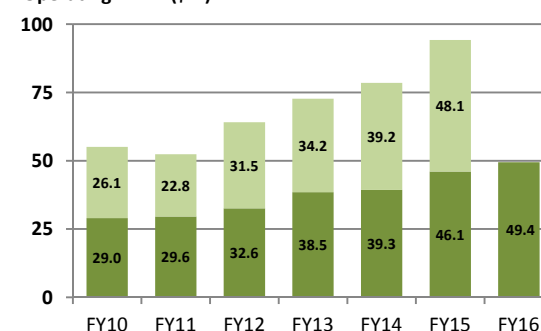
Revenue (\$m)



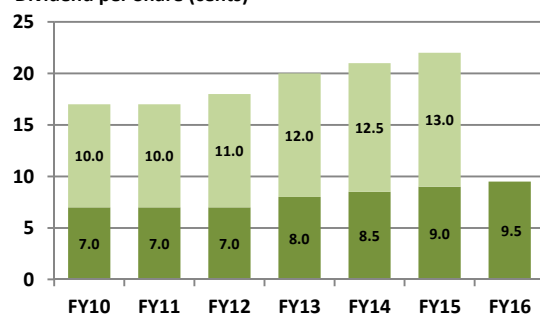
Statutory NPAT (\$m)



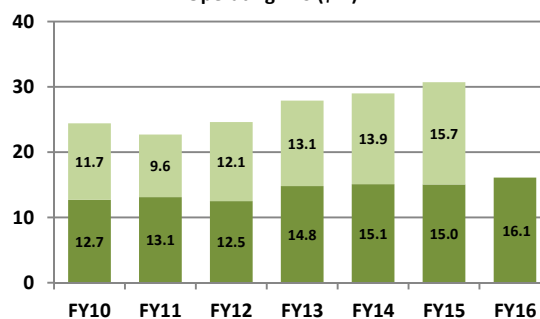
Operating NPAT (\$m)



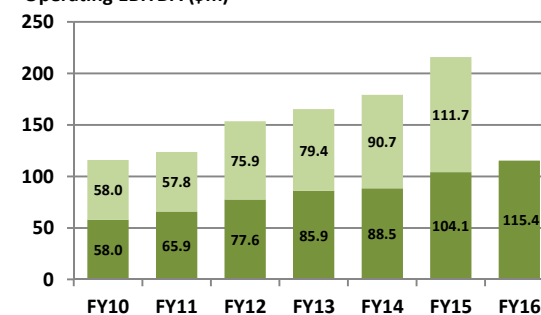
Dividend per Share (cents)



Operating EPS (\$m)



Operating EBITDA (\$m)





Automotive

Automotive Operating¹ Performance



Operating ¹ Performance	1H FY2015 (\$m)	1H FY2016 (\$m)	% change
Revenue	2,050.8	2,261.7	10.3%
EBITDA	70.4	80.3	14.0%
EBITDA %	3.4%	3.6%	
EBIT	61.7	71.1	15.2%
EBIT %	3.0%	3.1%	
Profit Before Tax	51.5	61.0	18.5%

- Revenue up 10.3%
- Operating¹ EBITDA of \$80.3m up 14.0%
- Increase in EBITDA and EBIT margins
- Operating¹ Profit Before Tax up 18.5%



Automotive Review



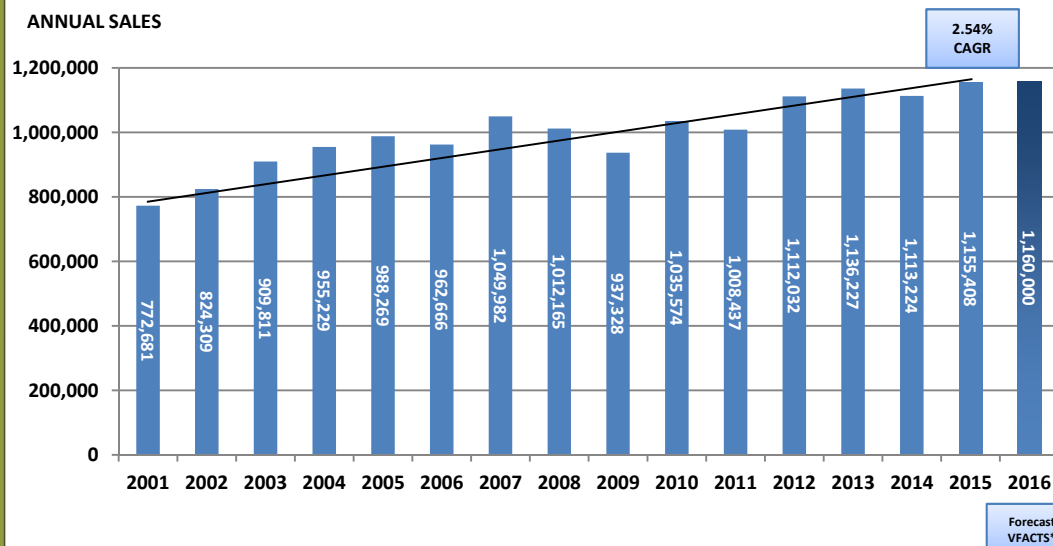
- Strong organic growth in New South Wales, Queensland and Victoria
- Record performance in NZ with significant growth in profit and expansion of facilities
- Full six month contribution from Bradstreet compared to PCP (acquired in August 2014)
- WA business outperforming peers but overall market volumes lower
- Mercedes-Benz WA acquisition 30 October 2015
- Truck dealerships down on PCP but outperforming the broader market



National Sales of New Vehicles



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- Private sector represents 50.4% of the market[#]
- AHG presence in growth markets in NSW, Vic and Qld
- WA market tougher but AHG performing well
- Record new vehicle registrations CY2015 of 1.155 million
- Industry forecast CY2016 1.160 million*

YTD Sales Units Analysis History by State

NEW VEHICLE SALES UNITS	Jul - Dec FY14	Jul - Dec FY15	Jul - Dec '15 v Jul - Dec '14
NSW	177,889	191,956	7.9%
VIC	153,234	159,894	4.3%
QLD	108,483	114,476	5.5%
WA	56,128	51,948	-7.4%
SA/TAS/ACT/NT	57,540	58,707	2.0%
Total	553,274	576,981	4.3%

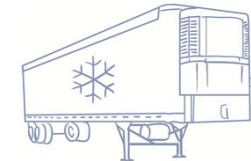
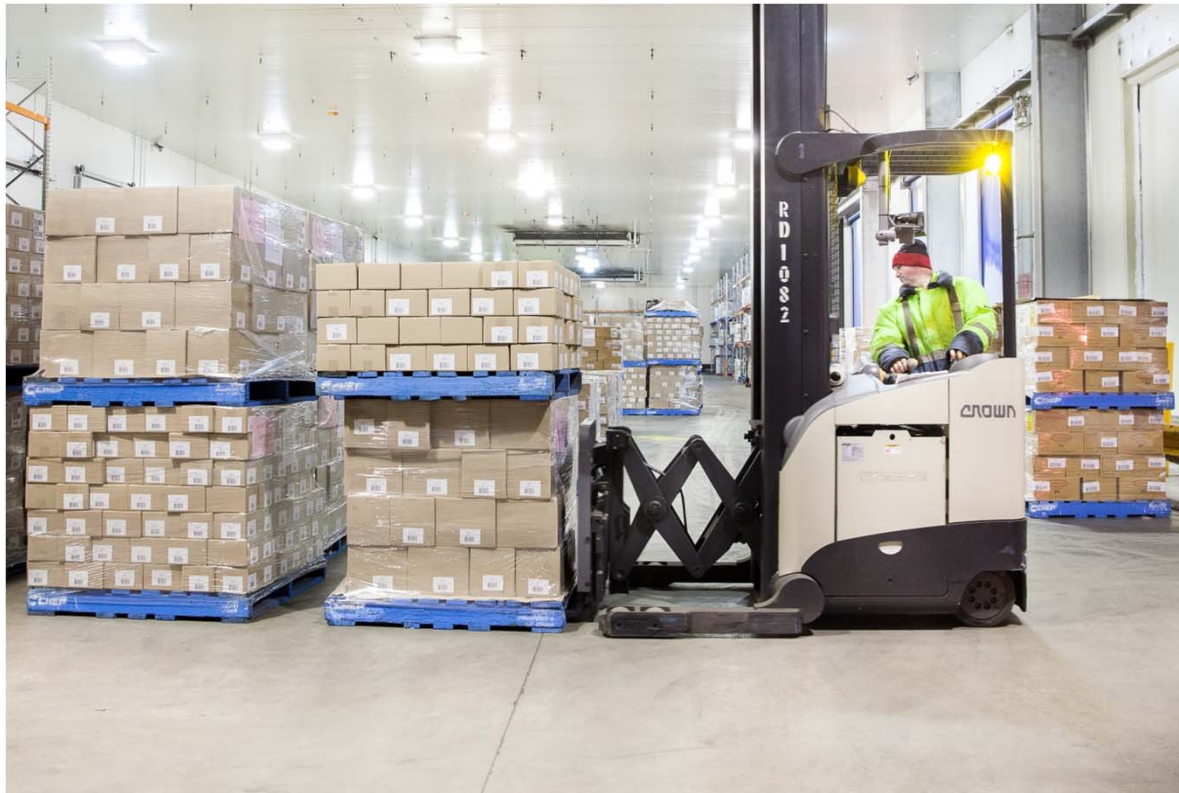
YTD Sales Units Analysis History by buyer Type

NEW VEHICLE SALES UNITS	Jul - Dec FY14	Jul - Dec FY15	Jul - Dec '15 v Jul - Dec '14
Private	282,410	290,693	2.9%
Business	199,284	215,702	8.2%
Government	21,432	20,516	-4.3%
Rental	33,563	33,206	-1.1%
Heavy Commercial	16,585	16,864	1.7%
Total	553,274	576,981	4.3%

Automotive Outlook

- Expansion of Used Car Market
 - Digital strategy
 - EasyAuto123
- Leverage Group business relationships across Automotive and Logistics
- Balance sheet capacity for further expansion
- Mercedes-Benz performance contribution to H2
- New vehicle market forecast for growth (VFACTS)
- Assess future impact of ASIC F&I review
- Property strategy relationship with Charter Hall expanding
- Operational expansions and developments:
 - Aspley and Browns Plains hubs in Queensland
 - NZ operations via new West Auckland hub
 - WA Northwest and outperform broader market
 - Redevelopment of Liverpool NSW hub





Refrigerated Logistics

Refrigerated Logistics – Operating¹ Performance

Operating ¹ Performance	1H FY2015 (\$m)	1H FY2016 (\$m)	% change
Revenue	319.1	308.2	(3.4%)
EBITDA	27.5	27.0	(1.6%)
EBITDA %	8.6%	8.8%	
EBIT	18.4	16.6	(9.6%)
EBIT %	5.8%	5.4%	
Profit Before Tax	14.8	12.9	(12.6%)

- EBITDA margin stronger from cost control impact
- Reduced revenue (3.4%) on lower linehaul volumes and reduced fuel levy
- Higher depreciation due to increase in facilities and new equipment purchases

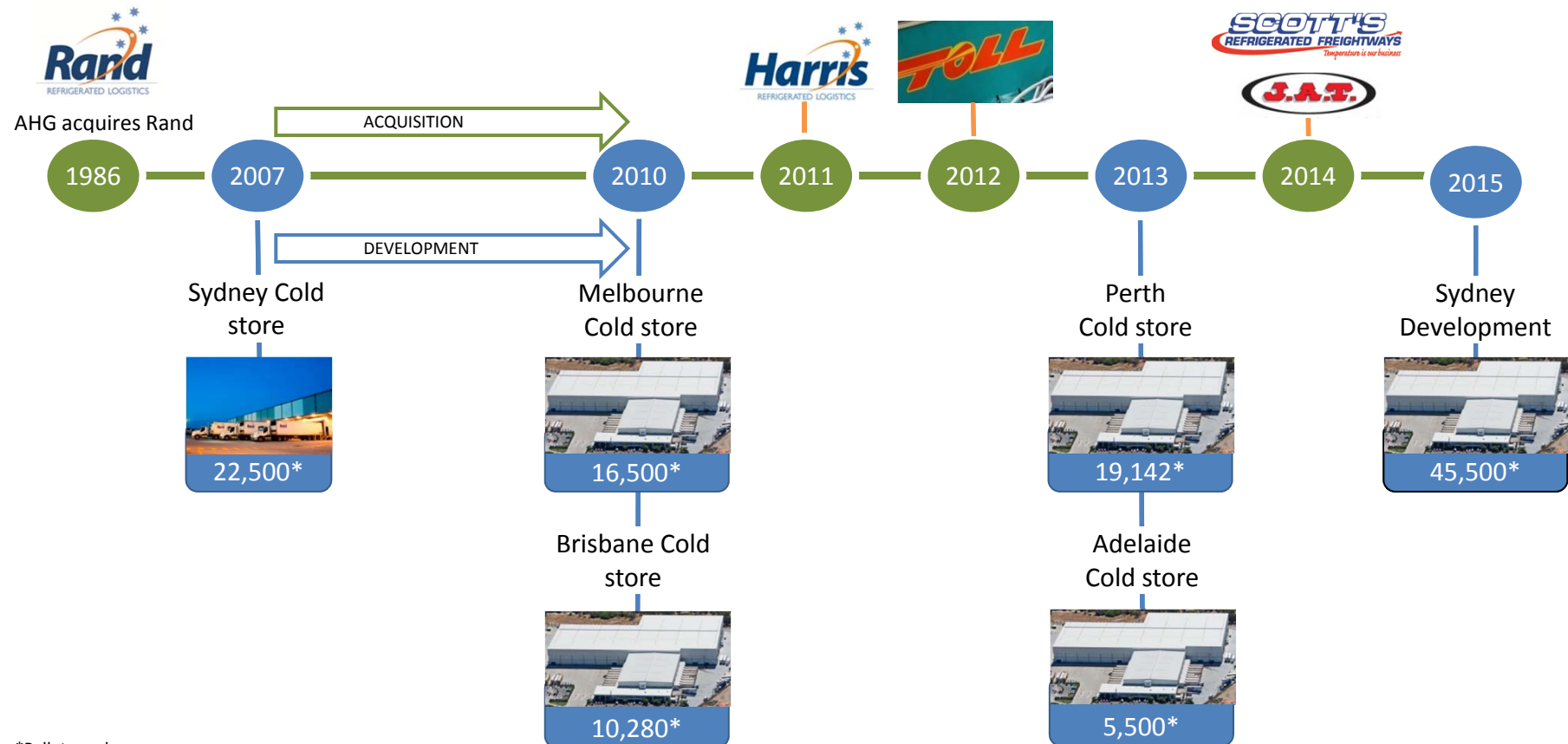


Refrigerated Logistics Review

- Utilisation levels in cold storage increased across the business
- Significant disruption from six day east-west derailment pre-Christmas
- Weaker transport volumes, particularly on the east-west corridor have negatively impacted revenues
- Business review and management restructure
- Roll out of new technology platform continues



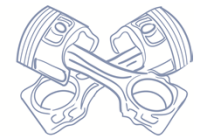
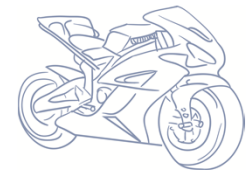
The evolution of AHG Refrigerated Logistics



Refrigerated Logistics Outlook

- Australia's largest integrated Refrigerated Logistics and Cold Storage provider
- Appointment of Stephen Cleary as new CEO Logistics across Refrigerated and Other Logistics divisions (Feb 2016)
- Appointment of Andrew Le Lievre as new dedicated GM to Scott's (Feb 2016)
- Performance improvement program with Partners in Performance and PwC to drive operational and profitability improvements
- New warehousing systems roll-out ongoing, driving operational efficiencies and management benefits
- Combined transport management system implementation
- Strong growth opportunities continue to present, building on existing relationships and AHG's consolidated scale





Other Logistics

Other Logistics – Operating¹ Performance

Operating ¹ Performance	1H FY2015 (\$m)	1H FY2016 (\$m)	% change
Revenue	195.6	180.9	(7.5%)
EBITDA	6.2	3.5	(43.5%)
EBITDA %	3.2%	0.5%	
EBIT	4.2	1.8	(57.7%)
EBIT %	2.1%	1.0%	
Profit Before Tax	3.9	0.7	(81.3%)

- Cova revenue down as major factor
- AMCAP revenue also down on weaker mining sector demand
- KTM increased revenues but margins impacted by lower Australian dollar
- GTB/VSE turnaround performance



Other Logistics Review



- Unit sales and revenue stronger than PCP
- Bike market pricing remained competitive
- Weak Australian dollar continued to impact cost of inventory



- Weaker demand from mining sector
- Delay in ACCC decision impacted Cova and AMCAP performance
- AMCAP trading slightly behind expectations also due to business disruption from implementation of new warehouse management system



- GTB operation restructured to improve productivity and output
- Improved performance in H1 FY2016
- Storage and Engineering performing in line with expectations

Other Logistics Outlook



- Sales demand remains strong
- Hedging in place for currency commitments
- Profile of KTM brand raised in Australia by Toby Price winning 2016 Dakar Rally



- AMCAP expected to return to budget in H2
- 100% of Ford and Holden to be retained in AMCAP
- Cova divestment



- Strong forward orders will underpin performance in H2 FY2016



Stefan Svitko, KTM (left), Toby Price, KTM (centre) and Pablo Quintanilla (Husqvarna) dominated the Dakar Rally 2016

Balance Sheet



- Liquidity as at 31 December 2015 supported by \$91.8 million of cash and undrawn commercial bill facilities
- June 2015 net debt reflects position prior to the acquisition of Mercedes-Benz
- Delay in the sale of Cova has seen total gearing higher than expected

Balance Sheet Gearing	30 June 2015	31 Dec 2015	Movement
Total Borrowings	882.9	1,011.0	128.1
Cash & Cash Equivalents	(69.9)	(39.8)	(30.1)
Net Debt	813.0	971.2	158.2
Inventory Finance (Floorplan)	(582.1)	(622.2)	40.1
Net Debt – Excluding Floorplan Finance	230.9	349.0	118.1
Interest Rate Cover	5.2	5.5	
Gearing Ratio			
Net Debt + Equity – Excluding Floorplan Finance	926.6	1,052.8	126.2
Net Debt / [Net Debt + Equity] – Excluding Floorplan Finance	24.9%	33.2%	33.0%

Operating Cashflow



Operating cashflow of \$15.4 million compared to \$66.4 million PCP

- Lower operating cash inflows from:
 - Excess cash earned from strong Auto trading utilised to acquire inventory (previously funded by floorplan debt)
 - Timing of working capital flows



Group Outlook



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- Positive H2 outlook in Automotive based on industry volume forecasts, low interest rates, fuel prices and vehicle affordability
- Performance improvement projects are the primary focus in Refrigerated Logistics, partnered with experienced providers Partners in Performance and PwC
- Senior management appointments in Refrigerated Logistics
- Settlement of Cows sale in March 2016
- Continued east coast and NZ expansion
- WA resilience and used car focus (EasyAuto123)
- GTB/VSE restructure and order bank
- Balance sheet capacity for further expansion





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