



FY2018 H1 Results

February 2018



AUTOMOTIVE HOLDINGS GROUP

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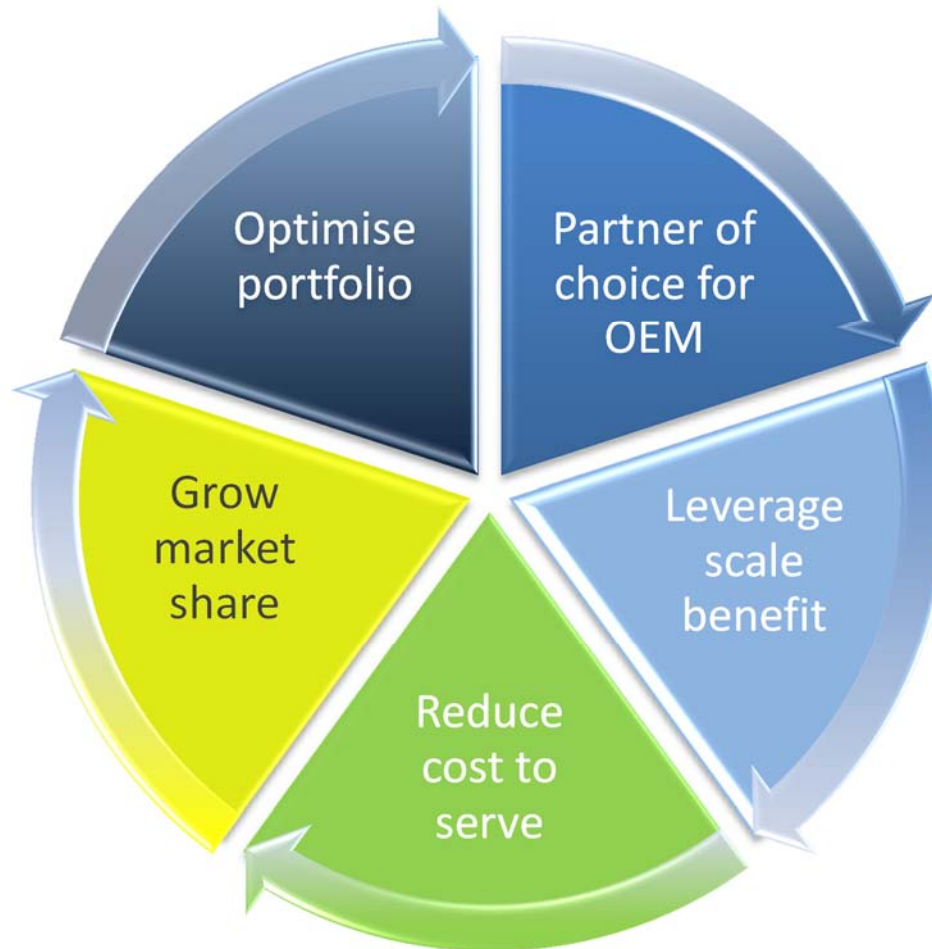
The half-year in review



Continuing
Operating¹ NPAT
of \$40.7m, down
4.1% on PCP in line
with recent trading
update

- Improved performance in Automotive since trading update in November
- Revenue growth from acquisitions, stabilising WA market and stronger demand for trucks
- Automotive margins impacted by lower gross margin from add-on insurance products
- Finance commissions lower due to credit lending constraints
- Strong cost control focus has helped mitigate lower gross income
- Strong H1 performance in truck business with growing order book supporting outlook
- Sale of Refrigerated Logistics business announced
- Other Logistics trading in line with PCP despite adverse FX on KTM

Automotive focus framing strategic objectives



Franchised Auto partner of choice

Expand relationships with enhanced customer service and innovation

Leveraging scale

Established national franchised automotive and national truck structure to optimise scale benefit

Cost reduction

Heavy focus on cost reduction, productivity, and shared services opportunities

Grow our market share

Well positioned to continue market aggregation and expand used car platforms

Optimise portfolio

Portfolio review to optimise franchise coverage, business segments and strategic position

Financial performance



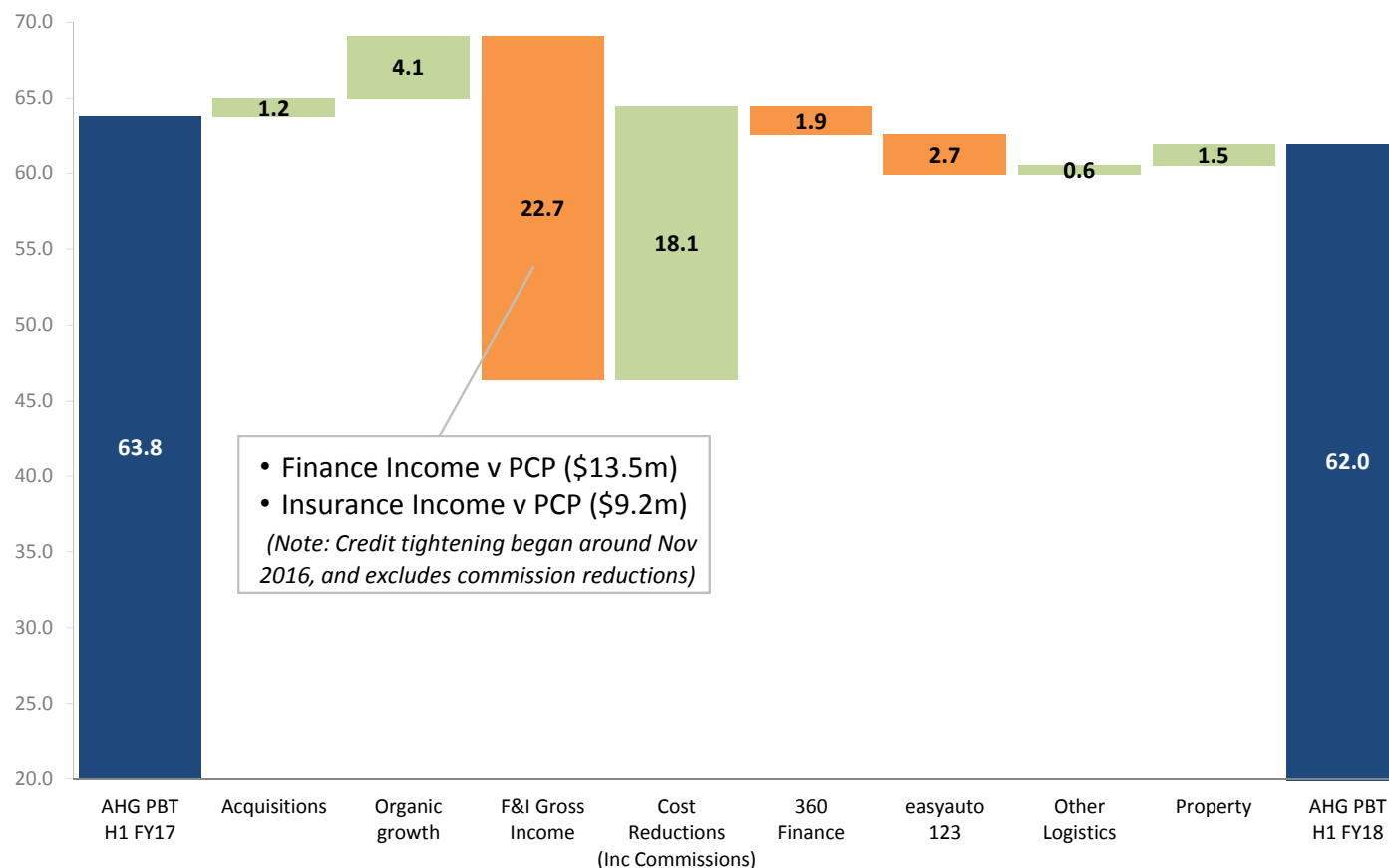
Consolidated Financial Performance (Continuing operations)	H1 FY2017 (\$m)	H1 FY2018 (\$m)	% change
Operating¹ Performance			
Revenue	2,673.5	2,873.9	7.5%
EBITDA	90.1	88.8	(1.4%)
EBITDA %	3.4%	3.1%	
EBIT	78.9	77.0	(2.4%)
EBIT %	3.0%	2.7%	
Operating ¹ Net Profit after Tax	42.5	40.7	(4.1%)
Earnings Per Share (cps)	13.2	12.3	
Interest Cover (times)	4.4	3.8	
Statutory IFRS Performance			
Unusual items	(1.6)	(0.8)	
Statutory Net Profit after Tax	40.9	39.9	(2.4%)
Earnings Per Share (cps)	12.6	12.1	

- Revenue movement against PCP
 - Automotive up 8.2%
 - Other Logistics down 4.7%
- Automotive margins impacted by lower F&I gross income as expected
- Automotive volumes showing improvement
- Unusual items include acquisition/divestment related fees

Financial impact of F&I margin, acquisitions and cost mitigation



Continuing Operations: Operating¹ PBT – H1FY2017 to H1FY2018 (\$m)



Lower insurance margin trending in line with estimated \$15m annual impact

Finance income well down in comparison to PCP given credit contraction impact began circa Nov 2016

Restructure of commissions in line with lower gross income

Substantive cost reductions mitigating loss of gross income

Operating cash flow timing



(\$9.9m) Operating cash outflow due to temporary timing issues in inventory floorplan

Increase in inventory net of floorplan finance \$25.9m (pcp \$1.9m)

- External transitional problems in implementation of new lender floorplan system
- Strong truck market necessitated higher inventory levels
- Used car bailment facilities not established for acquisition of Hunter Motor group at 31 December
- Acquisition of Carlins also resulted in higher non-floorplan inventory
- This abnormal inventory funding will largely reverse in H2

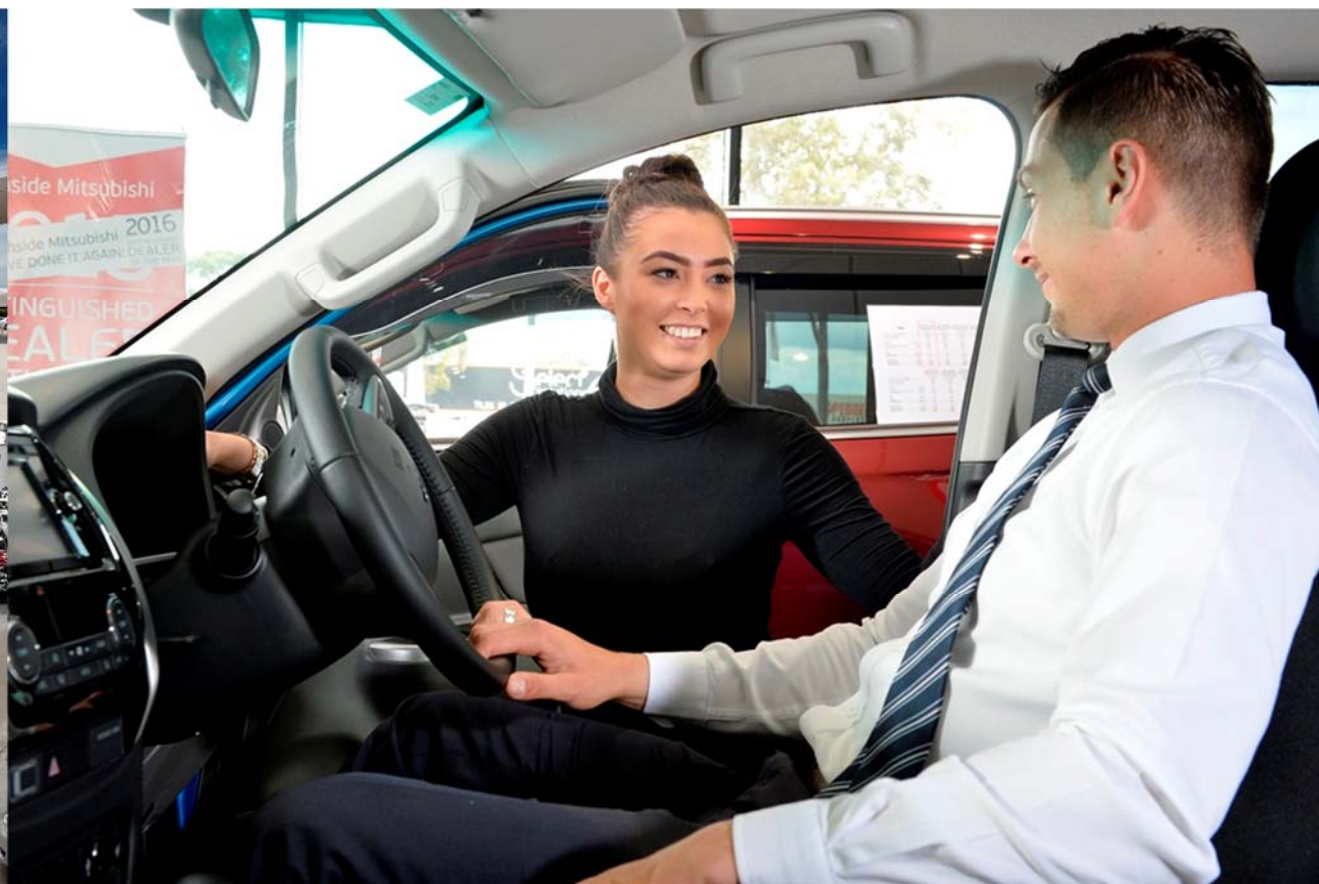


Balance sheet



- Funded increase in inventory (up \$96m)
 - Strong truck market
 - Expansion of **easyauto123**
 - Acquisitions
- Increase in floorplan finance of \$69m impacting net debt
- Lower capital expenditure of \$28 million in H1 across Property, Equipment and Technology assets (\$54m in PCP)
- \$7.6m of acquisitions (Hunter Motor Group and Carlins less KTM minority divestment)
- Expectation of stronger H2 operating cash flow and proceeds from sale of Refrigerated Logistics to significantly improve balance sheet

Balance Sheet Gearing	31 Dec 2016	30 June 2017	31 Dec 2017
Total Borrowings	1,133.0	1,142.5	1,240.9
Cash & Cash Equivalents	(84.3)	(95.0)	(38.9)
Net Debt	1,048.7	1,047.5	1,202.0
Inventory Finance (Floorplan)	(738.9)	(788.7)	(857.4)
Net Debt – Excluding Floorplan Finance	309.8	258.8	344.6
Interest Rate Cover	4.4	4.3	3.8
<u>Gearing Ratio</u>			
Net Debt + Equity – Excluding Floorplan Finance	1,125.0	1,061.1	1,163.4
Net Debt / [Net Debt + Equity] – Excluding Floorplan Finance	27.5%	24.4%	29.6%



Automotive

Automotive performance

Operating ² Performance	H1 FY2017 (\$m)	H1 FY2018 (\$m)	% change
Revenue	2,529.5	2,736.6	8.2%
EBITDA	88.6	86.2	(2.7%)
EBITDA %	3.5%	3.1%	
EBIT	78.5	75.7	(3.6%)
EBIT %	3.1%	2.8%	
Profit Before Tax	66.4	62.5	(5.8%)

- Revenue up 8.2%
- Operating² EBITDA down 2.7%
- EBITDA and EBIT margins lower
- Operating² Profit Before Tax down 5.8%



Automotive commentary

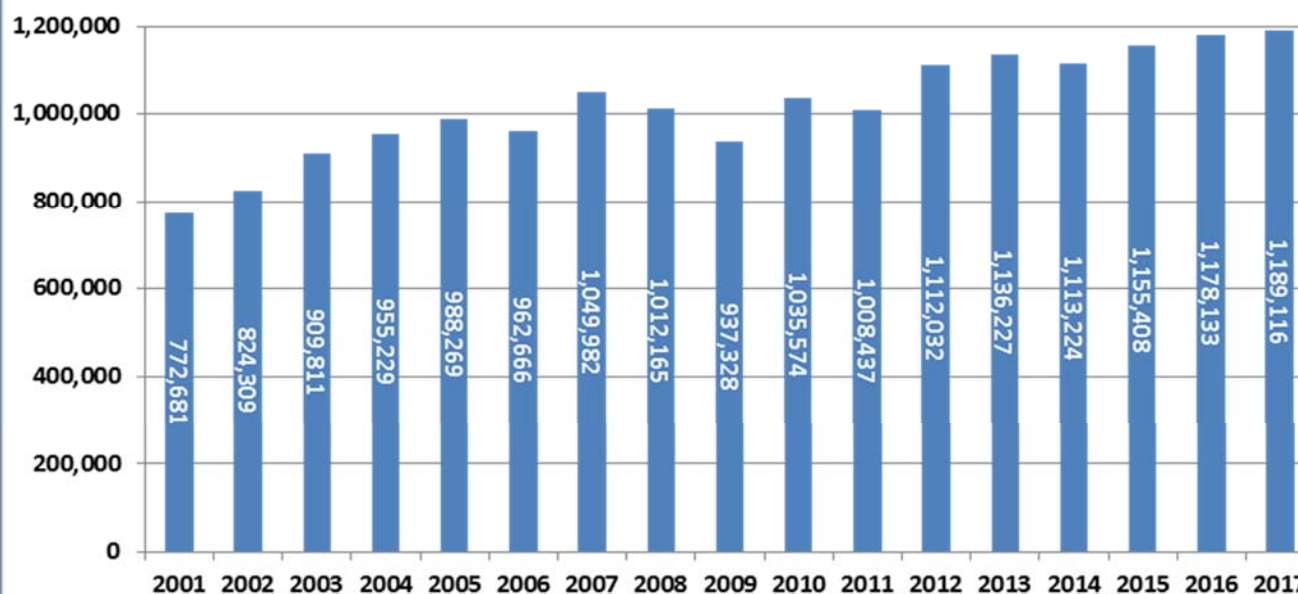
- Improved performance post November trading update
- Continued expansion of automotive business with recent acquisitions in Essendon (Ford and Mitsubishi), Hunter Motor Group Newcastle (Honda, VW passenger and commercial, Subaru and Isuzu Ute) and Carlins Auctions (51%)
- Outperformance in trucks with national focus and industry demand driving higher volume
- WA market remained challenging but inventory well controlled and conditions improving
- Lower gross income from Finance & Insurance as tight credit conditions remain and add on insurance commissions were reduced
- Strong cost reductions
- **easyauto123** used car format progressing but Hendra site delayed until H2 awaiting final planning approvals
- Continued development of digital capabilities



New car sales volumes



ANNUAL SALES – VFACTS 2017



YTD Sales Units Analysis History by State

NEW VEHICLE SALES UNITS	December CY16	December CY17	Dec'17 v Dec'16
NSW	397,563	397,273	-0.1%
VIC	326,269	339,343	4.0%
QLD	233,026	233,101	0.0%
WA	100,234	97,773	-2.5%
SA/TAS/ACT/NT	121,041	121,626	0.5%
Total	1,178,133	1,189,116	0.9%

YTD Sales Units Analysis History by Buyer Type

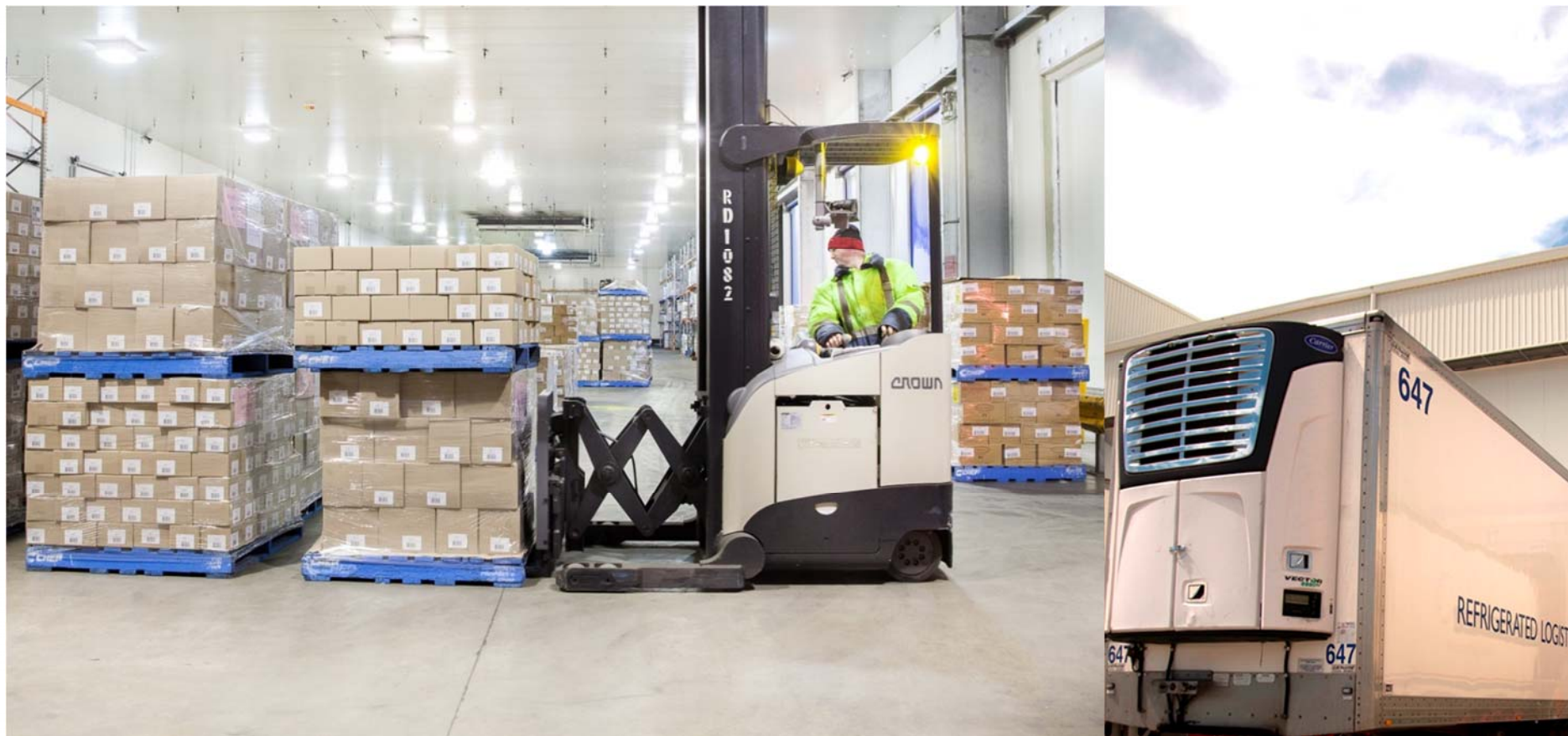
NEW VEHICLE SALES UNITS	December CY16	December CY17	Dec'17 v Dec'16
Private	571,679	557,372	-2.5%
Business	472,162	484,542	2.6%
Government	40,989	39,055	-4.7%
Rental	60,335	71,298	18.2%
Heavy Commercial	32,968	36,849	11.8%
Total	1,178,133	1,189,116	0.9%

RECENT ACQUISITIONS

- We continue to be active in the market
- Recent acquisitions include:
 - Essendon Ford and Mitsubishi (Vic)
 - Hunter Motor Group (Newcastle)
 - Carlins Auctions (51%)

MARKET CONDITIONS

- Aggregation opportunities continue to be available in the market
- Multiples remain in line with historical norms
- F&I impact affecting entire industry
- Portfolio remains key consideration (location, brand, scale)
- Sale of RL will expand balance sheet capacity



Refrigerated Logistics

Refrigerated Logistics

Operating ² Performance	H1 FY2017 (\$m)	H1 FY2018 (\$m)	% change
Revenue	285.9	291.3	1.9%
EBITDA	18.0	22.6	25.9%
EBITDA %	6.3%	7.8%	
EBIT	6.3	8.3	31.2%
EBIT %	2.2%	2.8%	
Profit Before Tax	1.9	2.0	1.0%



- “Held for sale” asset pending disposal
- Sale to HNA continues to progress
- Completion expected prior to 30 June 2018
- Performance ahead of PCP
- PBT impacted by higher internal interest charges to fund historical losses and transformation costs
- No significant client changes
- Management team remains stable
- New transport management system expected to be implemented in April



Other Logistics

Other Logistics performance

Operating ² Performance	1H FY2017 (\$m)	1H FY2018 (\$m)	% change
Revenue	143.8	137.1	(4.7%)
EBITDA	3.0	3.8	24.5%
EBITDA %	2.1%	2.8%	
EBIT	1.9	2.4	25.0%
EBIT %	1.3%	1.8%	
Profit Before Tax	1.7	2.3	36.2%

- Higher losses in PCP – business now restructured with no impact on current performance
- KTM performance lower than PCP due to FX
- AMCAP experiencing stronger demand in mining supplies but weakness in Holden and Ford parts



Group outlook

- Sale of Refrigerated Logistics progressing with HNA
- Full year Group Operating performance dependent on timing of RL sale
- Automotive outlook:
 - Continued cost control to mitigate F&I changes
 - Increased consumer and business confidence in WA
 - Continued strong truck market
- National roll-out of **easyauto123** to continue
- Continued strategic investment in Automotive acquisitions and adjacent opportunities





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