



AUTOMOTIVE HOLDINGS GROUP

Automotive Holdings Group Limited
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ASX ANNOUNCEMENT

24 November 2017

AHG AGM PRESENTATION AND ADDRESSES BY CHAIR AND MD/CEO

Automotive Holdings Group (ASX: AHG) holds its Annual General Meeting at 10.00am today WST at Crown Perth Convention Centre.

The addresses by the Chairman, David Griffiths, and Managing Director John McConnell are detailed on the following pages.

The full presentation to shareholders is also shown on the following pages.

ENDS

About AHG Automotive Holdings Group Limited (ASX: AHG) is a diversified automotive retailing and logistics group with operations in every Australian mainland state and in New Zealand. The Company is Australia's largest automotive retailer, with operations in Western Australia, New South Wales, Queensland and Victoria.

AHG's logistics businesses operate throughout Australia via subsidiaries Rand Transport, Harris Refrigerated Transport, Scott's Refrigerated Freightways and JAT Refrigerated Road Services (transport and cold storage), AMCAP (motor parts and industrial supplies distribution), VSE (vehicle storage and engineering), Genuine Truck Bodies (body building services to the truck industry), Higer Bus (bus and truck importation and distribution), and KTM Sportmotorcycles and HQVA (KTM and Husqvarna motorcycle importation and distribution in Australia and New Zealand).

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**AUTOMOTIVE HOLDINGS GROUP LIMITED
2017 ANNUAL GENERAL MEETING
10.00 AM FRIDAY, 24TH NOVEMBER 2017
CHAIRMAN'S ADDRESS**

SLIDE 2 David Griffiths

Good morning and welcome to the 2017 Annual General Meeting of Automotive Holdings Group Limited.

My name is David Griffiths and I am the Chairman of Automotive Holdings Group.

In terms of the usual housekeeping items, please switch your mobile phones to silent. In the event of a fire, the emergency exits are clearly marked.

If you have not already done so, please register your attendance at the Link service desk, just outside the door.

As a quorum is present and the meeting is validly constituted, I formally declare open the 2017 Annual General Meeting.

The minutes of the 2016 Annual General Meeting have been approved by the Board and have been tabled.

Any shareholder who wishes to view a copy of the minutes is welcome to do so and should see the Company Secretary after the meeting.

With me today are my fellow directors:

- John McConnell, Managing Director;
- Jane McKellar;
- Howard Critchley;
- John Groppoli; and
- Greg Duncan.

Rob McEniry is unable to attend today but is on the line from Melbourne.

Also here today we have AHG's Company Secretary, David Rowland, our Chief Financial Officer, Phil Mirams, and Glyn O'Brien from our auditors, BDO.

SLIDE 3 Today's Agenda

I will commence the Chairman's address today by providing a brief overview of the company's performance in FY2017, and the strategy adopted by your Board, before handing over to John McConnell, who will provide more details of the Group's financial performance and highlights from the company's business units.

John will also offer some commentary on trading in the period since 30th June.

We will then turn our attention to the matters to be resolved at this meeting in the 'Formal Business' section, before closing the meeting.

Following that, the Directors would welcome the chance to answer any further questions from shareholders as we enjoy refreshments in the foyer.

SLIDE 4 FY2017 Highlights

AHG's performance in the 2017 financial year reflected the challenging economic conditions in our market segments, with the subdued economy in Western Australia, tightened credit conditions in the automotive industry and a slower than expected recovery in Refrigerated Logistics over the full year.

To counter those headwinds management was able to lower costs, focus on cash, strengthen the balance sheet, and prepare the company for the opportunities and challenges that lie ahead.

Group revenue exceeded \$6 billion, but our statutory and operating NPAT were both lower than the previous year, with the decrease in statutory NPAT largely due to the \$31.8 million of unusual items, which relate to the transformation program in Refrigerated Logistics, the restructure of operations, some write-downs and a range of costs associated with integrations, acquisitions and the MD transition.

Regrettably, as a consequence of this decline in profit shareholders received a reduced fully-franked full year dividend of 19.0 cents per share, compared with 22.5 cents for the previous year. The return to Shareholders reflects the Company's profit position and was consistent with AHG's dividend policy of paying 65 to 75 percent of operating profit.

It is important to note that the Company's balance sheet remained strong following the August 2016 capital raising that provided additional capacity to support the Group's core strategy of delivering long term stable earnings through organic growth, Greenfield developments and strategic acquisitions.

SLIDE 5 FY2017 Result

Once again, the Group's scale, broad portfolio of Automotive brands and the performance of AHG's east coast and New Zealand dealership locations allowed the Company to mitigate the effects of the challenging Western Australian market.

We are seeing evidence that the Western Australian economy has stabilised and is beginning to show some "green shoots" of improvement, which leaves AHG well-placed to benefit from any uplift.

As a result of the changes to the credit and insurance markets, the subdued conditions in our key Western Australian market and the changes we see ahead in the OEM business, the Automotive Division has been restructured nationally, with our franchised dealerships focused on OEM partnerships and the customer experience, to ensure we are the partner of choice for manufacturers.

These changes have been difficult for the company and have meant that we have had to part ways with some long standing employees but your board is confident that we are moving towards a structure and a culture which will leave your Company well placed to take advantage of the opportunities that lie ahead.

What we do know is that we must change to meet the changing environment in which we operate.

We have been successful in managing costs out of the business and improving our revenue streams across the business to meet the steep drop in insurance and finance income our industry faces as a result of the changes in the regulatory environment. In WA we have increased our market share, continued to operate profitably and outperformed our peers in the State

The Automotive market continues to evolve and AHG is very actively monitoring new developments in its market.

We continue to believe the aggregation strategy of franchised dealerships is relevant.

AHG presently holds approximately 6.2% of the new vehicle market in Australia, leaving room for further targeted acquisitions.

In the used car space, the Company's **easyauto123** fixed-price warehouse model is increasing our share of the used car market.

AHG acquired a majority stake in the Carlins Auction Group business to establish a national vehicle re-marketing platform that complements both the franchised dealerships and the non-franchised used car strategy.

We are also looking at markets immediately adjacent to automotive retail and may participate in them if we see good opportunities there.

Your Board is confident that the Company is well positioned to embrace further evolution and to move with, or ahead of, the market.

SLIDE 6 David Griffiths

As we announced yesterday AHG has entered a contract with HNA International, which is part of a large Chinese Fortune 500 company, to sell its Refrigerated Logistics business for \$400 million on a debt and cash free basis.

While we were pleased with the progress that we were making in improving the performance of the Refrigerated Logistics business under its new management, the opportunity to sell the business at price that recognised future improvements, provided a great opportunity to simplify the structure of AHG, and provide it with the resources for further growth in our automotive operations as well as scope for capital management.

When the sale is completed in the second half of this financial year it will leave AHG in a position where it will have a net cash position with no corporate debt excluding floor plan.

The sale of RL provides a very powerful opportunity for AHG to take advantage of the changes that lie ahead in the automotive industry.

We believe this is a great outcome for shareholders and Stephen Cleary and his team along with John McConnell and his negotiating team are to be congratulated for delivering this result to shareholders.

In closing, the 2017 Financial Year reflected a challenging environment. The Board and management remain focused on providing satisfactory returns for our shareholders and the Company's performance over time has reflected that.

We do have some more, small legacy issues to clean up, and as foreshadowed in our earlier announcements we have provided for these changes in our accounts and expect the benefits to start to flow through over the balance of the financial year and beyond.

In my message to shareholders contained in the annual report I foreshadowed a renewal to the Board that we have been planning for some time.

The management changes and the exciting reset arising from the sale of RL provide the opportunity for me to step down from the board after nearly 11 years and for Mr Robert McEniry to become the Chair.

I expect to step down from the role of Chairman on 31 January 2018, and from the Board on the 15th February 2018 when the Company releases its half-year results.

There will be further change at an appropriate time after the sale of Refrigerated Logistics is settled when Mr Howard Critchley, who has performed an outstanding role as our specialist in RL will also step down.

These changes will give us opportunities to make new appointments as part of the renewal and an opportunity to improve on the experience and diversity of the Board to meet the next stage of the Company's development.

On behalf of the Board I would like to take this opportunity to pay tribute to all of our shareholders and our employees who have contributed to the Company's growth and success.

AHG is well placed to continue its growth and your Board looks to the future with confidence.

SLIDE 7 Title slide

With that I will ask John McConnell to come to the microphone to give you some further details on the year in review and to provide a trading update and outlook for the remainder of the financial year.

**AUTOMOTIVE HOLDINGS GROUP LIMITED
2017 ANNUAL GENERAL MEETING
10.00 AM FRIDAY, 24TH NOVEMBER 2017
MANAGING DIRECTOR ADDRESS**

SLIDE 8 (JMcC)

Good morning.

I am delighted to be standing here before you today.

As you would have seen this morning, we have announced that we have entered into an agreement to sell AHG's Refrigerated Logistics business.

The sale price reflects the transformation efforts over the past 12 months and releases the future value of the business.

I want to thank the Refrigerated Logistics team and our corporate team for putting the deal together.

We believe that under the new ownership of HNA International there will be further investment in the business for the benefit of all customers and staff.

As the Chairman has told you, the reporting year was a challenging one, but it has given us an opportunity to recalibrate our operations and begin to reposition AHG for the future.

SLIDE 9 Strategic

If we start with Auto, which is the core of our business, we have moved to establish AHG as a partner of choice for manufacturers.

Recognising that our future aggregation strategy is linked to our OEM partnerships, we have been resetting those relationships.

In both Cars and Trucks we've established national structures under Paul Morris and Simon Ramsay. Their focus is on leveraging our scale, reducing operational costs, and growing our market share to address the headwinds from WA and changes to the regulatory environment.

We are also continually reviewing our portfolio of brands to divest those operations that are underperforming.

It is clear that the industry is changing. Standing still is not an option. We must adapt, and we are changing.

SLIDE 10 Auto - Cars

Paul Morris has initiated a streamlined, group-wide management structure of our franchised dealerships that aligns our agenda with those of the manufacturers and looks for opportunities to innovate.

We are confident that the new structure will benefit our dealership performance.

In FY2018 it is worth reinforcing that we are working through the regulatory interventions in finance and insurance sales at our dealerships, with the insurance changes alone estimated to negatively impact EBIT by \$15 million.

The tightening credit conditions are also impacting margins throughout the industry.

We continue to aggressively reduce costs and make changes to the F&I processes, which has caused some staff turnover, but is important to reposition the business.

While consumer sentiment remains relatively weak, there are signs that business confidence is growing and the car market in WA also appears to be improving.

We had excellent results from our east coast dealerships sale event last weekend, which shows consumers will respond to targeted retail campaigns.

Our **easyauto123** model is progressing well and we will open the fifth warehouse in Brisbane early in 2018.

The financial performance of the new sites is encouraging and in line with our expectations, and the acquisition of the Carlins Auctions business will strengthen our used car sourcing and disposal channels.

SLIDE 11 Auto - Trucks

We have also made progress in restructuring our Truck business, by separating the dealerships into a standalone division under the leadership of Simon Ramsay, which has significantly strengthened our OEM relationships.

Once again, it is a matter of leveraging our scale, both with manufacturers and also with customers, particularly fleet customers.

We are seeing some positive signs in terms of the Western Australian mining and energy sectors, and we will significantly increase our presence in Victoria early next year with the opening of a new Daimler Trucks dealership at Laverton, west of Melbourne.

SLIDE 12 RL

The performance of Refrigerated Logistics has been strong and reflects the continuing benefits of the transformation process over the past twelve months.

As I have mentioned, we have entered into a sale agreement with HNA International that we believe is a great outcome for AHG shareholders and for our staff and customers.

Our expectation is that the sale will complete in the first half of calendar 2018, subject to regulatory approvals and typical conditions precedent.

The Board will explore capital management options prior to completion, taking into account AHG's capital requirements and value-accretive opportunities to deploy capital.

SLIDE 13 Trading update

Which bring us to the trading update...

On a consolidated basis the Company has delivered Operating EBITDA of \$59.7-million, which is slightly down on last year, but in line with our expectations.

Our Automotive business is down 10.6% on the same time last year. This is due to the continuation of weak conditions in the WA market, the add-on insurance changes from the 1st of July and the ongoing impact on finance of responsible lending changes compared with the previous year. We have also been affected by staff turnover as we make cost reductions to mitigate those impacts.

Refrigerated Logistics is up by 46.6% in the first four months of trading, reflecting the exit momentum from FY2017.

In the Other Logistics division our KTM and Husqvarna business is trading strongly but has been impacted by foreign exchange factors; AMCAP is on track and our VSE/GTB business is slightly behind where we'd like it to be.

SLIDE 14 Outlook

Our operating performance will obviously be affected by the timing of the sale of the Refrigerated Logistics business.

We expect that automotive trading conditions for the full year will continue to be impacted by the changes in finance and insurance, partly offset by cost reductions and the stabilisation of the Western Australian market.

We also expect a solid performance from the Trucks business, evidenced by our strong truck order book over recent months.

We will continue the roll-out of the easyauto123 business and we will also be disciplined but look to target relevant automotive acquisition opportunities and review opportunities in adjacent businesses.

The sale of Refrigerated Logistics strategically repositions AHG to pursue its growth agenda in the franchised automotive market, where we hold a 6.2% market share, and in the non-franchised used car market with **easyauto123**.

We remain excited by those opportunities in what is a heavily fragmented automotive market.

Thank you for your support of AHG.



2017 Annual General Meeting of Shareholders



Welcome



David Griffiths

Chairman of the Board of Directors

Today's Agenda

- Chairman's Address
- Managing Director's Presentation
- Formal Business
- Close
- Refreshments



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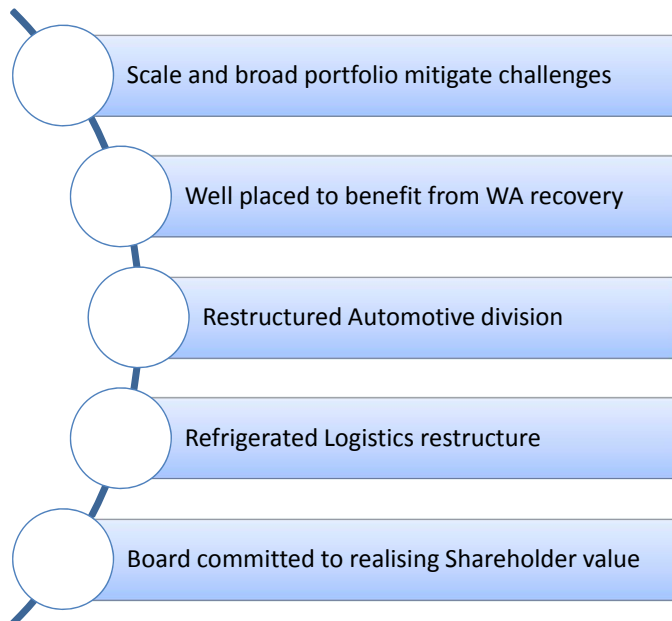
FY2017 Result

Consolidated Financial Performance	FY2016 (\$m)	FY2017 (\$m)	% change
Operating¹ Performance			
Revenue	5,626.0	6,081.7	8.1%
EBITDA	225.5	216.0	(4.2%)
EBITDA %	4.0%	3.6%	
EBIT	182.1	169.0	(7.2%)
EBIT %	3.2%	2.8%	
Operating¹ Net Profit after Tax	97.2	87.3	(10.2%)
Earnings Per Share (cps)	31.7	26.7	(15.8%)
Interest Cover (times)	5.0	4.3	
Statutory IFRS Performance			
Unusual items	(7.2)	(31.8)	
Statutory Net Profit after Tax	90.1	55.5	(38.4%)
Earnings Per Share (cps)	29.4	17.0	(42.2%)

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Operating¹ – excludes unusual items

FY2017 Result



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Welcome



David Griffiths

Chairman of the Board of Directors

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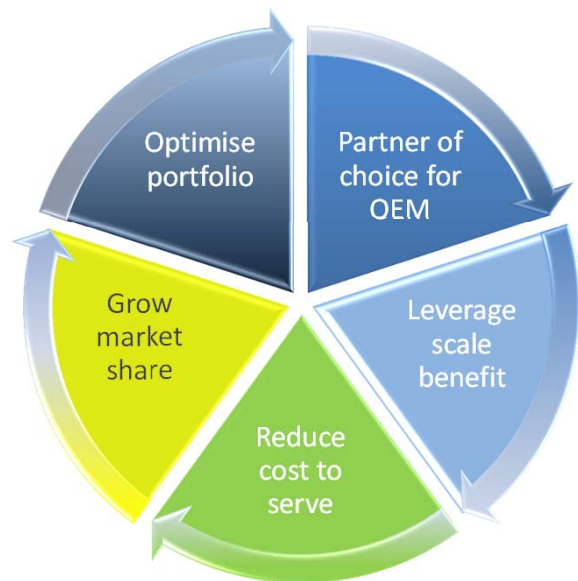
2017 Annual General Meeting of Shareholders



John McConnell

Managing Director

Strategic objectives frame our Auto actions



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

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Automotive – Cars



Franchised Automotive Dealerships

- Group-wide management structure of traditional dealerships
- Standardising best practice approach across dealerships
- OEM relationship management
- Impact of insurance changes began 01 July 2017
- Tighter credit conditions
- Consumer sentiment still remains weak

Used car fixed-price warehouse model established

- Five operational **easyauto123** sites in FY2018
- Mature site in Joondalup (WA)
- Canning Vale (WA), Brooklyn (Vic), and Seven Hills (NSW)
- Brisbane (Qld) site nearing completion
- Carlins acquisition offers wholesale strength

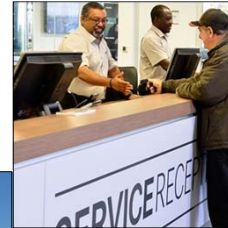


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Automotive – Trucks

Truck market improving

- Standalone division
- Truck market focus
- National business development opportunities
- WA economic improvements increasing demand
 - Mining investment picking up
 - Replacement capex cycle more active
- Daimler Trucks Laverton opens early 2018



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Refrigerated Logistics

Operational performance

- Strong performance from transformation initiatives
- Revenue momentum continuing
- Technology roll-out on-track

Sale transaction

- Disposal announced to HNAI for \$400m on debt and cash free basis
- Completion expected H1 CY2018 (H2 FY2017)
- AHG retains profit and cash flow prior to completion



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Trading update FY2018 (YTD Oct 2017)



Operating ¹ EBITDA - Unaudited	FY2017 Jul-Oct (\$m)	FY2018 Jul-Oct (\$m)	% change
CONSOLIDATED GROUP	62.7	59.7	(4.8%)
Automotive	52.9	47.3	(10.6%)
Refrigerated Logistics	7.4	10.8	46.6%
Other Logistics	3.2	2.7	(14.1%)
Property	(0.7)	(1.1)	(54.9%)
Depreciation and Amortisation	(15.6)	(17.1)	(9.9%)
Group Interest	(14.3)	(10.8)	24.5%
Operating¹ NPAT attributable to shareholders	22.0	21.3	(3.1%)

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Operating¹ – excludes unusual items

Group Outlook



- Operating¹ performance dependent on RL sale timing
- Automotive outlook impacted by:
 - finance and insurance
 - expectation WA is stabilising
 - focus on cost reduction
 - benefits of restructure
- Solid truck order book
- National roll-out of **easyauto123** to continue
- Continued strategic investment in Automotive acquisitions and adjacent opportunities



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Operating¹ – excludes unusual items