



AUTOMOTIVE HOLDINGS GROUP

Automotive Holdings Group Limited
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UBS AUSTRALASIA CONFERENCE PRESENTATION

16 November 2015

AHG is today making the attached presentation in Sydney to the UBS Australasia Conference.

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 dealerships 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 and Cova (motor parts and industrial supplies distribution), VSE (vehicle storage and engineering), Genuine Truck Bodies (body building services to the truck industry), WMC (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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UBS Conference Presentation

November 2015 | Bronte Howson | Managing Director



Company Overview



ASX 200 Company with a market capitalisation of ~\$1.27 billion
In excess of \$5 billion in revenue



More than 7,700 employees across Australia and New Zealand

AUTOMOTIVE

- ☐ Australia's largest automotive retailer
- ☐ 179 franchises at 105 dealerships
- ☐ Sale of new and used cars and trucks
- ☐ Vehicle servicing
- ☐ Aftercare (parts and accessories)
- ☐ Finance and Insurance



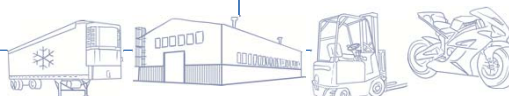
LOGISTICS

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



AHG
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Automotive

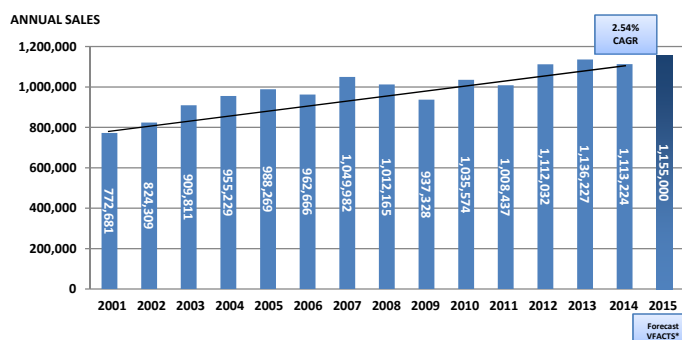
1 3 YEAR/ 175,000KM AHG VEHICLE PROTECTION WARRANTY*

2 AHG ROADSIDE ASSIST*

3 100 POINT SAFETY AND MECHANIC CHECK

National Sales of New Vehicles

AHG
AUTOMOTIVE HOLDINGS GROUP



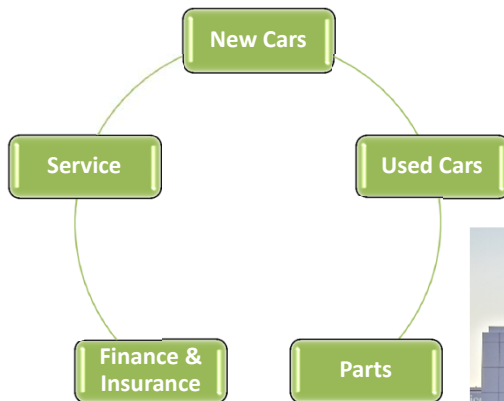
- Private sector represents more than 53% of the market
- AHG presence in strong growth markets in NSW, Vic and Qld
- WA market tougher but AHG performing well
- Acquisitions contributing to AHG's increased market share
- New vehicle sales tracking towards new record of 1.15 million

YTD Sales by State			
NEW VEHICLE SALES UNITS	Oct CY14	Oct CY15	Oct '15 v Oct '14
NSW	295,498	314,942	6.6%
VIC	249,657	260,183	4.2%
QLD	185,852	196,714	5.8%
WA	97,324	88,495	-9.1%
SA/TAS/ACT/NT	95,852	96,819	1.0%
Total	924,183	957,153	3.6%

YTD Sales by Buyer Type			
NEW VEHICLE SALES UNITS	Oct CY14	Oct CY15	Oct '15 v Oct '14
Private	488,778	508,305	4.0%
Business	328,766	341,992	4.0%
Government	35,581	34,573	-2.8%
Rental	45,211	46,022	1.8%
Heavy Commercial	25,847	26,261	1.6%
Total	924,183	957,153	3.6%

*VFACTS October 2015

Dealership Revenue Streams



- Strict measurement and reporting processes
- Industry benchmarking across departments
- High penetration rates across Finance & Insurance (F&I)
- Strong CRM programs drive service retention
- Service department revenue opportunities

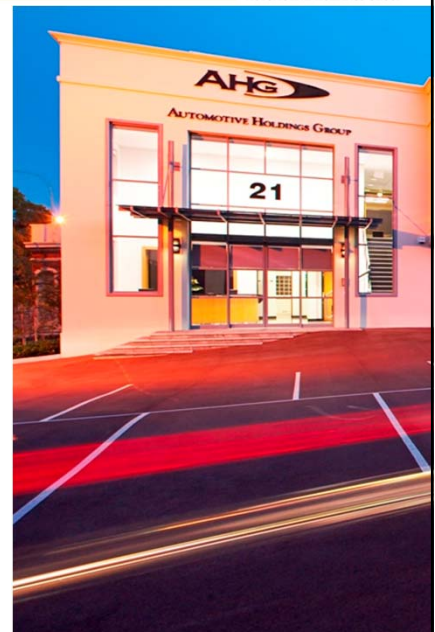


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Distinctive Position in a Changing Market



- Already operating in a disrupted world
- Capable of change with (or ahead of) the market
- High performance retail culture
- Own the relationship with the manufacturer
- Retail more than 100,000 vehicles a year
- Hold the inventory
- Originates ~\$1 billion p.a. auto finance
- Service database (~859,000 ROs in FY 2015)
- Customer lifecycle (service, tyres, batteries... next sale)
- Strong focus on training, development and retention
- Industry leading operating systems and processes
- Highly structured reporting



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Addressing the Changing Market in Traditional Dealerships

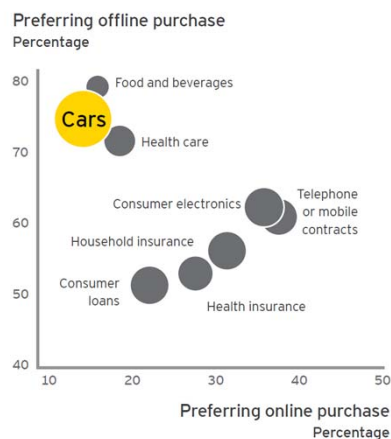


- Work with manufacturers to deliver best customer experience
- Traditional commerce and e-commerce converging
- Target omni-channel prospects in dealership, on-line, tablet, mobile
- Optimise lead generation (Gumtree, Carsales/Stratton, Carsguide, etc.)
- Maximise database and analytics
- Manage customer experience across multiple touch points*
- *e.g: Drive Chat on dealership websites



Source: Car Buyer of the Future, AutoTrader, 2015;

Consumers spend more time for online research per-purchase of a car than for any other product.



Size of bubble = time spent online looking for information

EV Future of automotive retail

Expansion of Used Car Operations



- Target sellers and buyers
- Unlimited opportunity
- AHG holds 6.6% of Australian new car market*
- AHG holds 1.6% of Australian used car market*
- Currently 1:1 ratio (AHG private new/AHG used)
- Broader market ratio is 1:4 (private new/used)
- Same share potential = extra 150,000 used car sales pa
- Strategy avoids cannibalising existing AHG operations
- Leverage finance, insurance, service opportunities

AHG VEHICLE SALES FY 2015
75,678 New vehicles (~40k private)
37,856 Used vehicles (private)

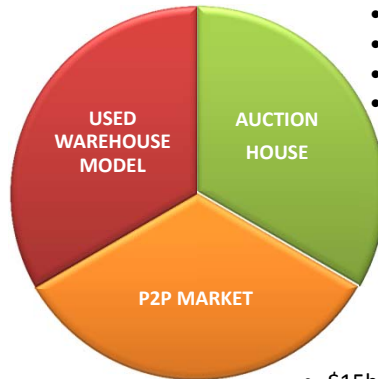


Expansion of Used Car Operations



easyauto123.com.au

- Northern Perth
- Ex-Bunnings Warehouse
- ~500 used cars
- Fixed pricing
- Optimised processes
- Omni channel focus
- "Hassle free"
- Finance and Insurance
- Tyres and Service
- Buying service



- UAA part of Bradstreet operation
- Established regional auction house
- Retail and Wholesale
- Simulcast bidding
- >400 cars



- \$15bn market opportunity
- Fastest growing sector
- Digital disruption play
- Mobile-first big data platform
- Targets sellers and buyers
- Link to online finance

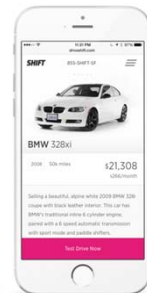


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Expansion of Used Car Operations



- P2P auto intermediaries are gaining traction
- US models growing (Beepi, Carvana and Shift)
- AHG model driven by world-class big data analytics
- Distinctive offer – a world first
- Delivers what customers want
- No others have got it right – yet!



- \$15bn market opportunity
- Fastest growing sector
- Digital disruption play
- Mobile-first big data platform
- Targets sellers and buyers
- Link to online finance



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Emerging Trends and Technologies



Car Sharing Models

- New technology solutions driving growth in ride-sharing and car-sharing models (Uber, Go Get, Lyft etc.)
- Predominantly linked to congested cities and population density
- Market growing internationally at >25%
- Australian lifestyles and geographic spread have limited take-up to date
- AHG continues to monitor trend and assess opportunities



Autonomous Vehicles

- Multiple parties developing autonomous technologies (Google, Mercedes, Volvo)
- Components of solution already being embedded in mainstream products
- Anticipate OEM's likely to develop product for sale in Australia via traditional dealerships

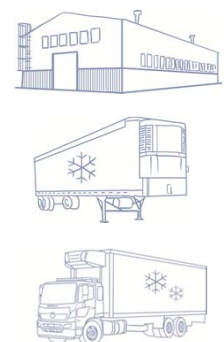
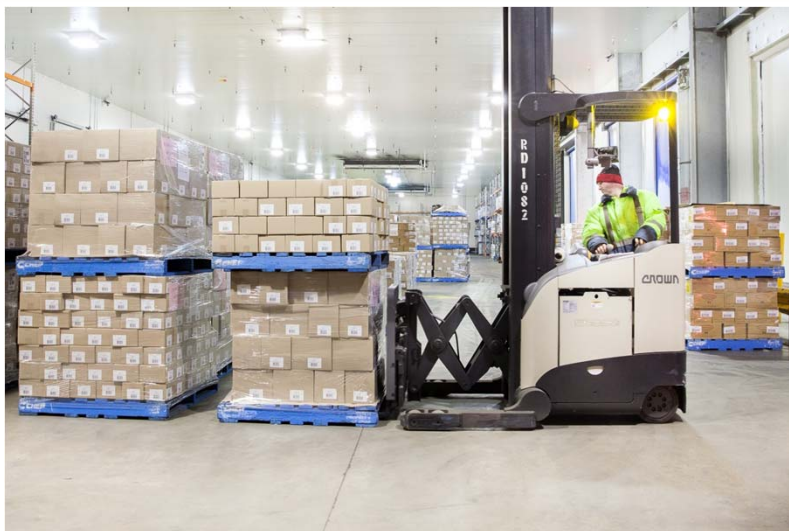


Electric Vehicles

- Currently a relatively small proportion of market in volume terms
- Technology maturing but infrastructure support remains under-developed
- Existing relationships evolving the use of electric motors (Higer bus, Mercedes, Porsche)



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Refrigerated Logistics

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Positioned for Further Growth

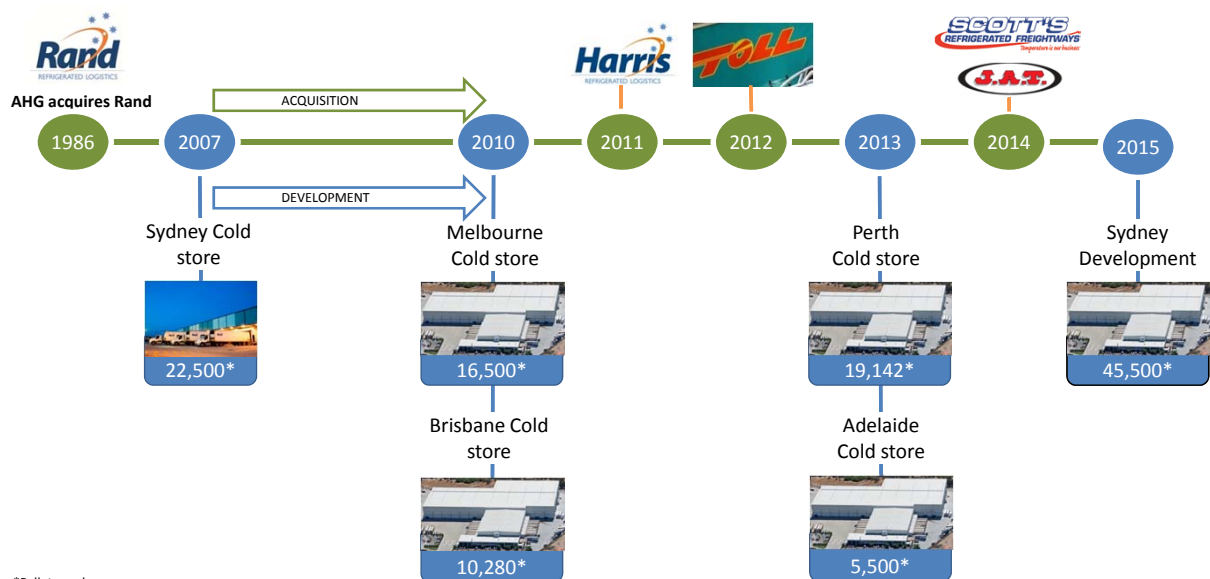


- Australia's largest Refrigerated Logistics provider
- New state-of-the-art, custom-designed facilities in all states
- Major road and rail transport capacity
 - ~470 owned prime movers and rigids
 - ~1,000 owned road trailers
 - ~490 owned rail containers
 - Major network of 300 sub-contractor prime movers and rigids
- Enhanced customer value proposition and operational synergies
- Primary supplier to national manufacturers, wholesalers and major retailers



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The Evolution of AHG Refrigerated Logistics



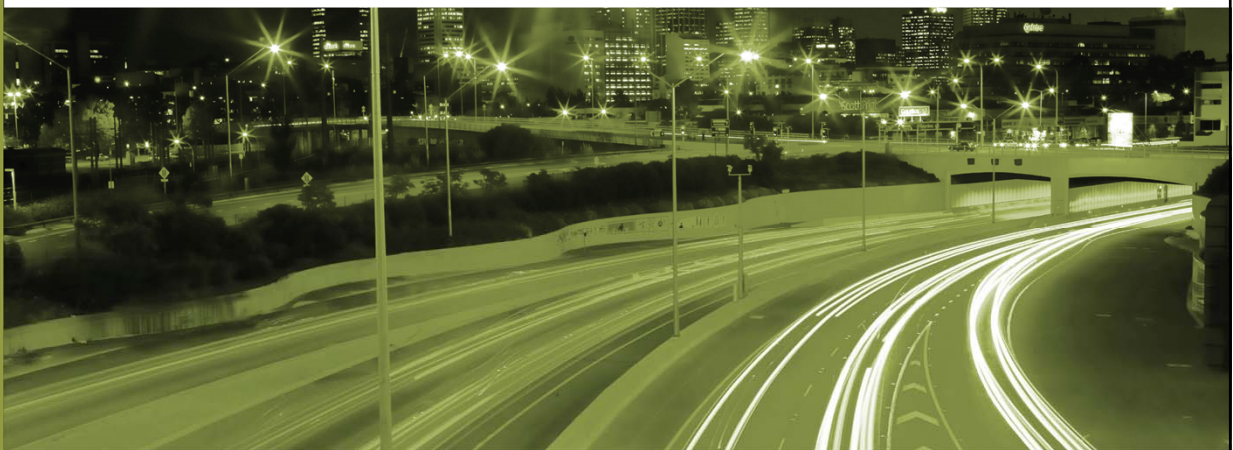
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Refrigerated Logistics Initiatives

- Cold store design maximises cross-dock capabilities
- Consolidating trading sites and eliminating duplicated functions
- Property investment partners
- Investment in core technology infrastructure
- Cost-down and efficiency initiatives with dedicated project structure in place
- Ambient – address increasing customer demand



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Appendices

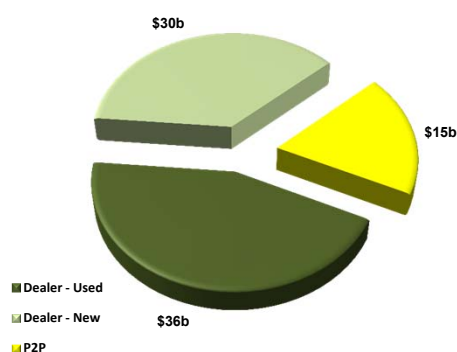


Peer to Peer Opportunity



Understand why the auto marketplace is changing
Build an incumbent and challenger portfolio
Determine the right play
Dominate the market

AUSTRALIAN AUTO RETAIL MARKET = \$81-BILLION



P2P is the fastest growing segment of the market
Trading gross ~\$1.7-billion
F&I opportunity ~\$600-million
Total opportunity is ~\$2.3-billion p.a.

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SOURCE: AHG Team analysis 2015

FY2015 in review



FY2015 Statutory profit up 20.8% to \$88.1m driven by outperformance in Automotive segment

Financial Performance

- \$5.2bn in Revenue (up 10.8%)
- Operating NPAT of \$94.2m (up 20.0%)
- Operating EBIT margins up 0.2% to 3.3%
- Operating EPS up 6.0% to 30.7 cents

Operational Achievements

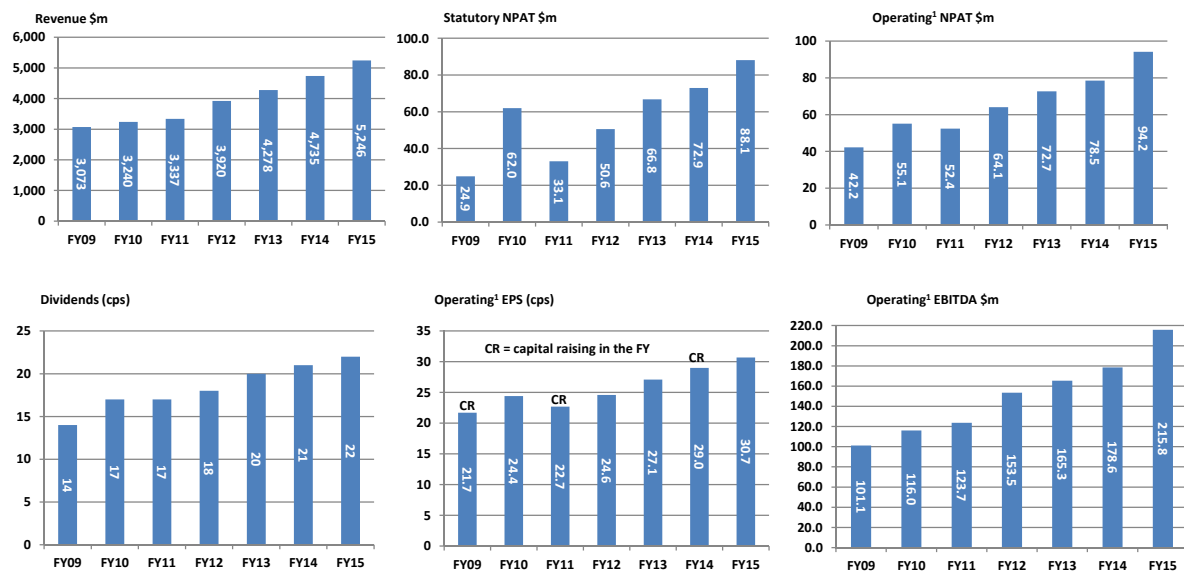
- Strong contribution from Bradstreet Motor Group
- Improved Auto performance in NSW, Qld, Vic and NZ
- Opening of world class Daimler Trucks facility in WA
- Completion of Erskine Park cold store in Sydney
- Opening of Truck service facility in Newman (WA)
- New acquisitions/Greenfield (Paceway Mitsubishi WA, Leo Muller CJD Qld and Hillcrest Mazda Qld)

Outlook

- Acquisitions and Divestments (Mercedes/Covs)
- Sale of property in NSW and Queensland to fund growth
- Profit improvement focus in Refrigerated Logistics
- Restructure and/or divesting underperforming businesses
- Specific cost-down and productivity improvement initiatives

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History of sustained growth



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Operating¹ – excludes costs and fees in relation to integration and acquisition-related activities, impairment of assets and benefits applicable to GST refunds (Son of Holdback)

AHG – Consolidated financial performance FY2015



Consolidated Financial Performance	FY2014 (\$m)	FY2015 (\$m)	% change
Operating¹ Performance			
Revenue	4,734.8	5,245.8	10.8%
EBITDA	178.6	215.8	20.8%
EBITDA %	3.8%	4.1%	
EBIT	148.3	175.2	18.2%
EBIT %	3.1%	3.3%	
Operating Net Profit after Tax	78.5	94.2	20.0%
Earnings Per Share (cps)	29.0	30.7	6.0%
Interest Cover (times)	4.8	5.2	
Statutory IFRS Profit after Tax			
Net Integration and Acquisition, Asset Divestment and Sale of Properties	(5.6)	(6.1)	
Statutory Net Profit after Tax	72.9	88.1	20.8%
Earnings Per Share (cps)	26.9	28.7	6.7%

- \$5.2 billion in Revenues up 10.8% on FY2014
- Record Operating¹ NPAT of \$94.2 million
- Statutory IFRS profit of \$88.1 million
- Operating¹ EBIT and EBITDA margins improved
- Increased Operating¹ EPS (up 6.0%)
- Strong interest cover

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Operating¹ – excludes costs and fees in relation to integration and acquisition-related activities, impairment of assets and benefits applicable to GST refunds (Son of Holdback)

Automotive Operating¹ Performance FY2015



Operating ¹ Performance	FY2014 (\$m)	FY2015 (\$m)	% change
Revenue	3,883.3	4,271.1	10.0%
EBITDA	132.5	161.2	21.7%
EBITDA Margin (%)	3.4%	3.8%	
EBIT	116.9	143.4	22.7%
EBIT Margin (%)	3.0%	3.4%	
Profit Before Tax	95.4	122.0	27.8%

- Revenues up 10% mainly due to Bradstreet Motor Group acquisition
- Operating¹ Profit before tax up 27.8% to \$122.0
- Increase in EBIT and EBITDA margins
- Automotive result includes 10.5 months contribution from Bradstreet Motor Group
- WA dealerships revenue slightly down but outperformed the broader WA market
- Growth in NSW, Queensland, Victoria and New Zealand operations
- Strong fixed operations (service, parts) performances

Operating¹ – excludes costs and fees in relation to integration and acquisition-related activities, impairment of assets and benefits applicable to GST refunds (Son of Holdback)



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Refrigerated Logistics Operating¹ performance



Operating ¹ Performance	FY2014 (\$m)	FY2015 (\$m)	% change
Revenue	429.7	609.1	41.7%
EBITDA	29.7	45.2	52.4%
EBITDA Margin (%)	6.9%	7.4%	
Profit Before Tax	14.2	20.2	42.8%

- Business reflects full 12 months of Scott's acquisition
- Improved EBITDA margin of 7.4%
- Revenue growth lower than expected due to weaker transport demand
- Rent overhang on old leases largely finished
- New Erskine Park facility not yet at optimal utilisation but ahead of expectations

Operating¹ – excludes costs and fees in relation to integration and acquisition-related activities, impairment of assets and benefits applicable to GST refunds (Son of Holdback)



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Other Logistics Operating¹ performance



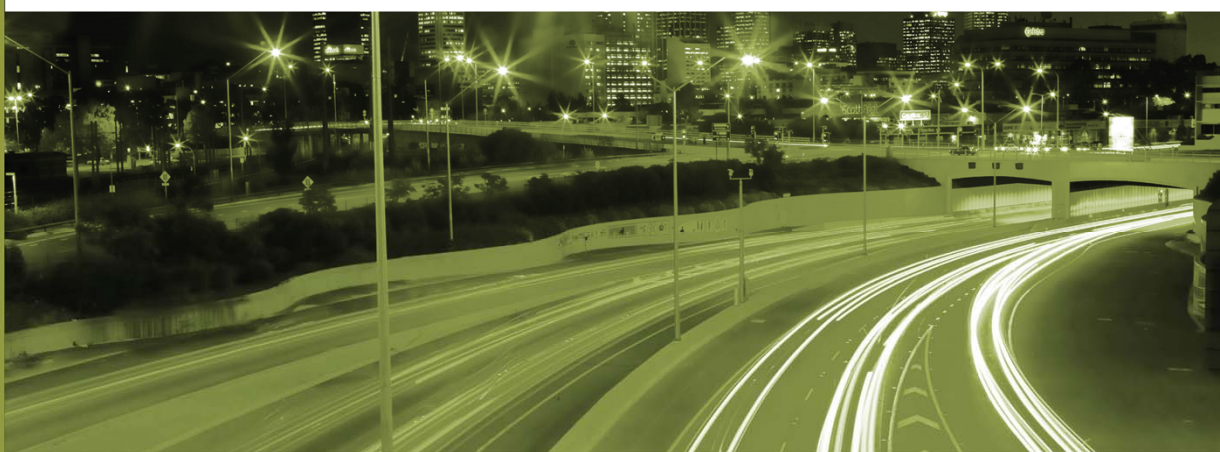
Operating ¹ Performance	FY2014 (\$m)	FY2015 (\$m)	% change
Revenue	421.4	365.2	(13.3%)
EBITDA	17.1	10.5	(38.5%)
EBITDA Margin (%)	4.1%	2.9%	
Profit Before Tax	13.9	5.3	(62.1%)

- Contributions from KTM and AMCAP down compared to FY2014 for structural reasons (Lower AUD/EUR rates and change in Mitsubishi distribution model)
- Losses experienced in GTB/VSE and Higer businesses due to weak truck and bus market
- Sale of Cova agreed but no impact on FY2015 financial contribution
- Restructure of GTB/VSE underway to eliminate future losses

Operating¹ – excludes costs and fees in relation to integration and acquisition-related activities, impairment of assets and benefits applicable to GST refunds (Son of Holdback)



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