

2016 Full Year Results Presentation

February 2017



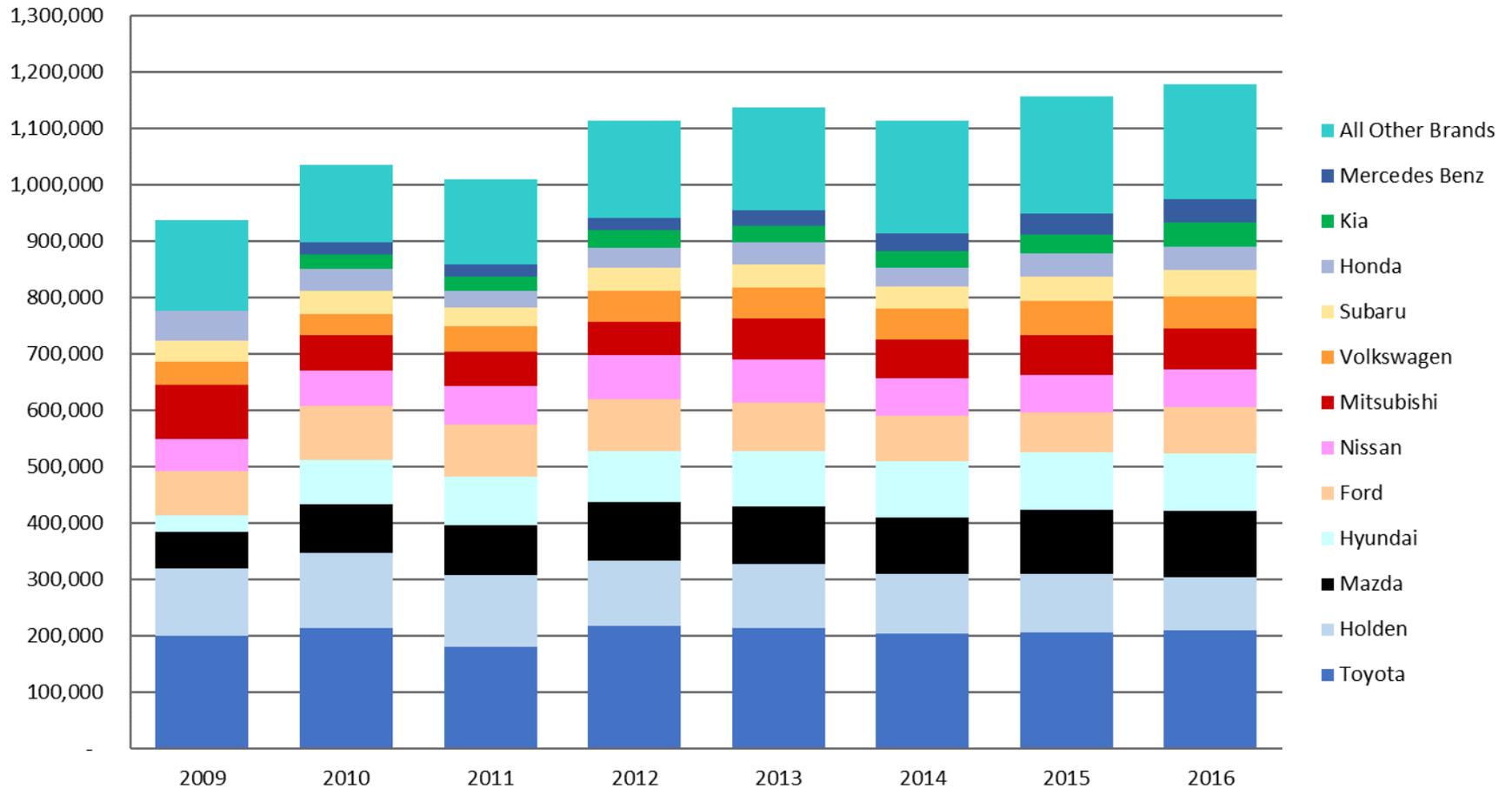
Established 1913
EAGERS

2016 Full Year Highlights

- Record statutory profit before tax \$141.4m, up 17%
- Record net profit after tax \$105.5m, up 21%
- Record statutory (basic) EPS of 55.4 cents, up 16%
- Record full year dividend of 35 cents, up 9%
- Record results from core Car Retailing segment
- Significantly improved result from Truck Retailing segment
- Solid contribution from acquisitions
- Gains from sale of property & investments
- Strong balance sheet

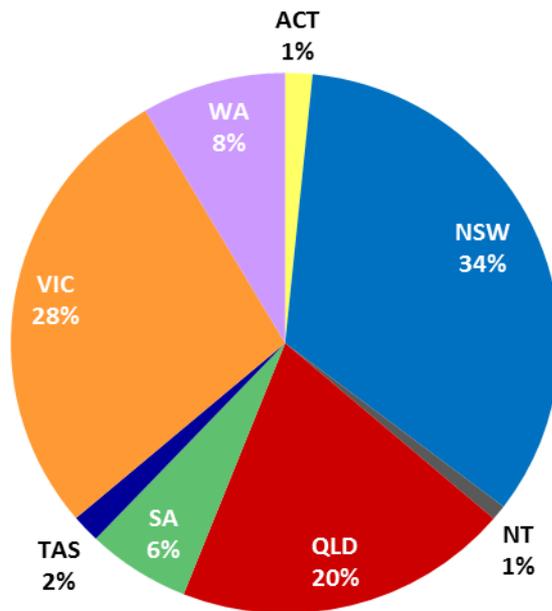
National Vehicle Sales

Historical National Vehicle Sales



Australian New Vehicle Sales – 2016

Total Australian Market Share by State
(VFACTS)

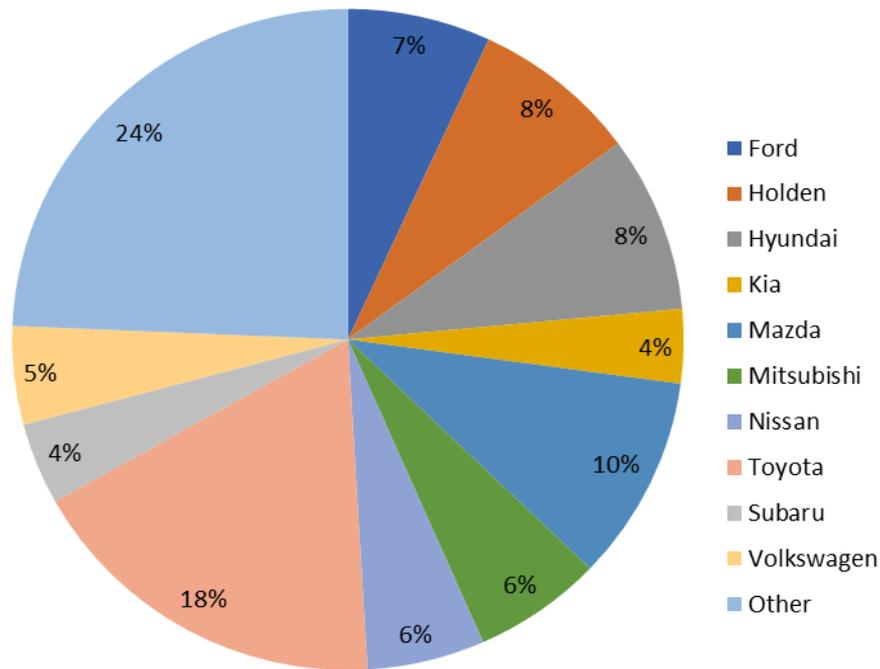


Total market: 1,178,133 (2015: 1,155,408) - Up 2.0%

- New vehicle market up 2.0% YoY
- 2nd record year in a row
- WA down 5.6%; QLD down 1.1%
- NSW up 4.4%; SA up 3.9%; VIC up 3.4%
- Continued strong growth in luxury brands
- Some imbalance between supply and demand

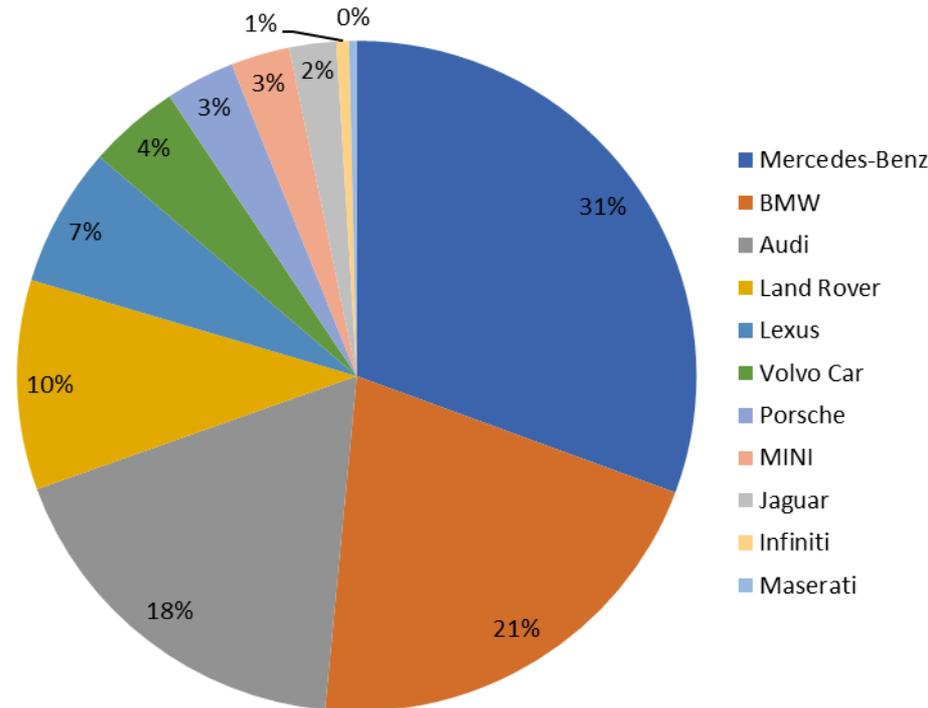
Volume and Luxury Brand Market Share – 2016

Volume Brands Market Share



Top 10 Volume Brands: 891,348 (2015: 871,035) - Up 2.3%

Luxury Vehicles Market Share*

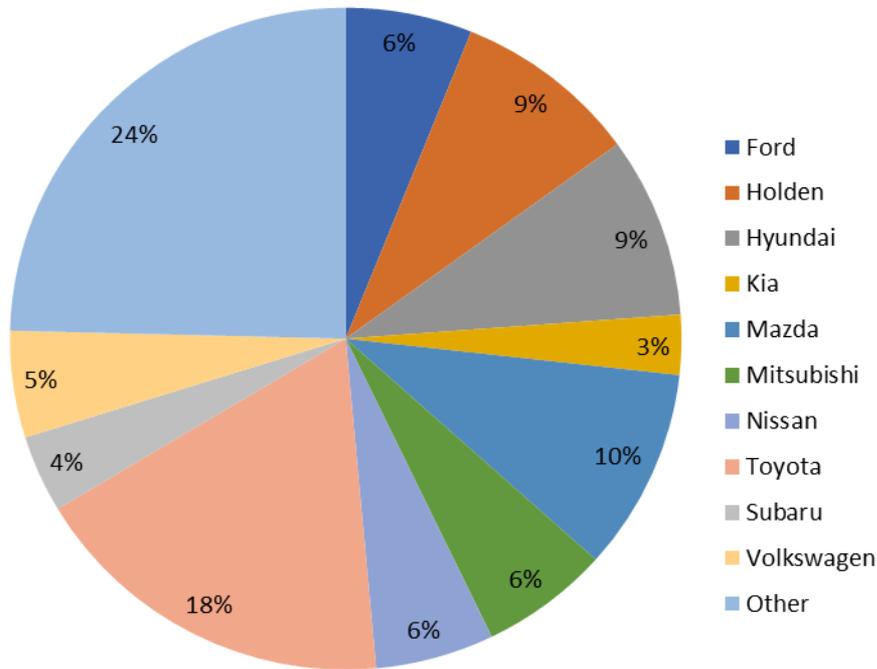


Top Luxury Brands: 134,511 (2015: 119,820) - Up 12.3%

* Luxury is defined as luxury vehicle selling more than 500 units annually (V Facts)

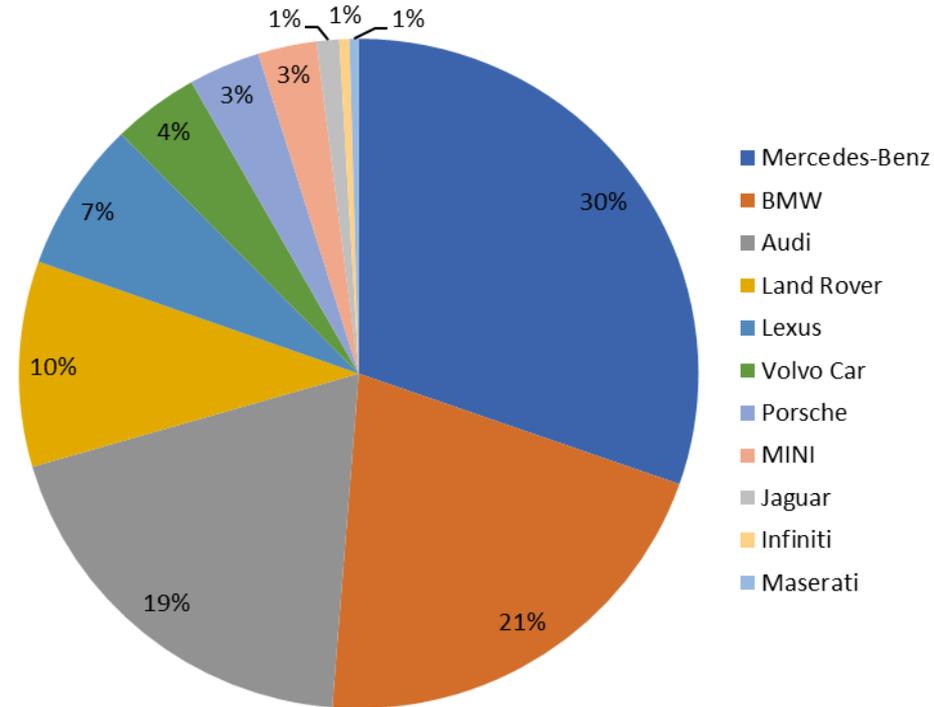
Volume and Luxury Brand Market Share – 2015

Volume Brands Market Share



Top 10 Volume Brands: 871,035 (2014: 847,981) - Up 2.7%

Luxury Vehicles Market Share*



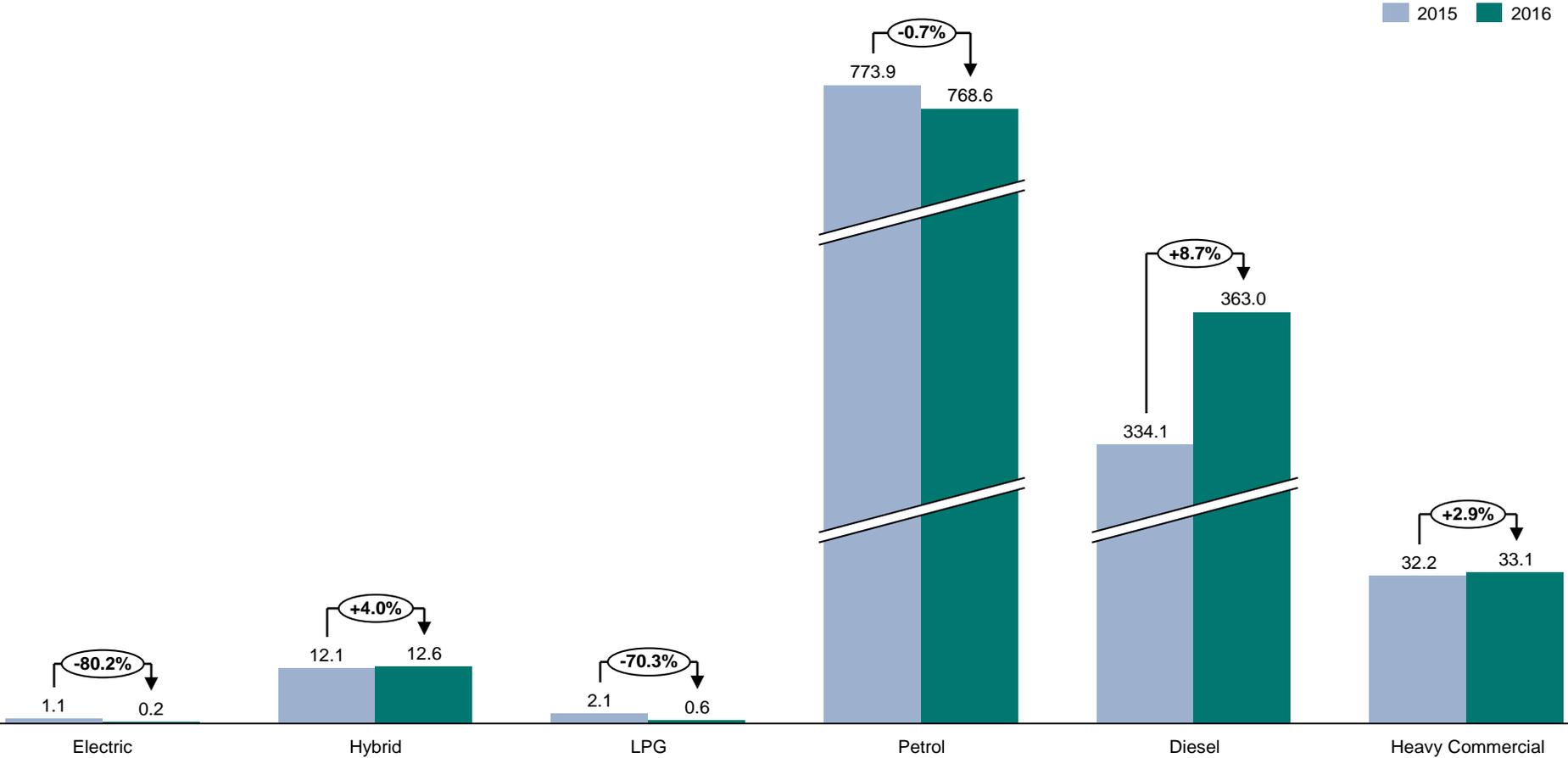
Top Luxury Brands: 119,820 (2014: 103,034) - Up 16.3%

* Luxury is defined as luxury vehicle selling more than 500 units annually (V Facts)

Vehicle Sales By Fuel Type

Electric vehicle sales down 80% YoY (excl. Tesla). Traditional fuels still make up ~99% of new vehicle sales

New Vehicle Sales by Fuel Type (2016 v 2015)

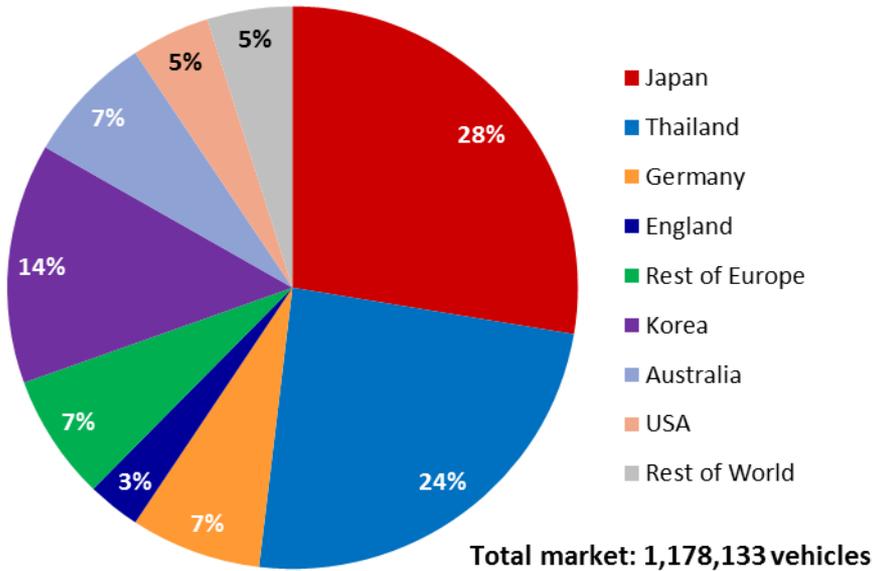


Exchange Rate Impact

- 83% of cars sold in Australia are imported from Japan, Thailand, Korea and EU Countries
- Manufacturers have long planning horizons and diversified exposures
 - Product and production planning based on 3-7 year cycles
 - Most manufacturers pursuing global common vehicle platform strategies
 - Generally large product runs based on supply of a common product to multiple markets
- Manufacturer distribution margins (average between 7-10%) can wear some of the adjustment
- Product specification can and does adjust to maintain price point
- Australian market relatively accessible and marketing is cost effective, but highly competitive
- Vehicle prices remain consistent with recent years

Exchange Rates

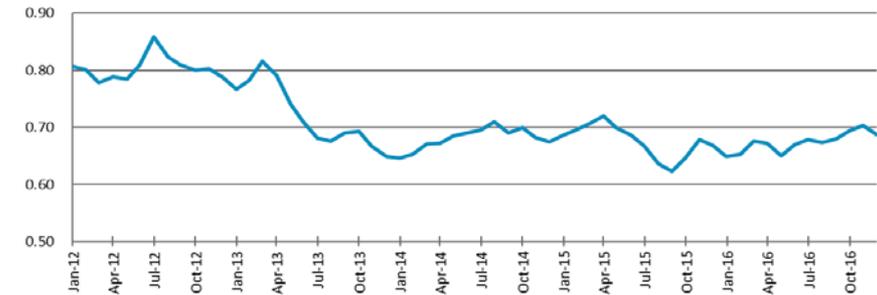
**New Vehicle Sales (VFACTS)
by Country of Origin**



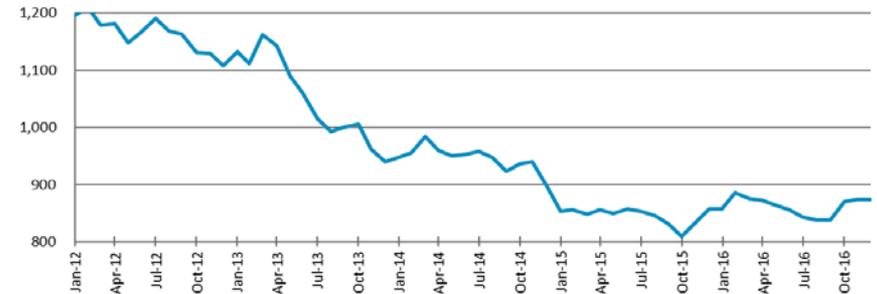
Monthly 5 Years: AUD / USD



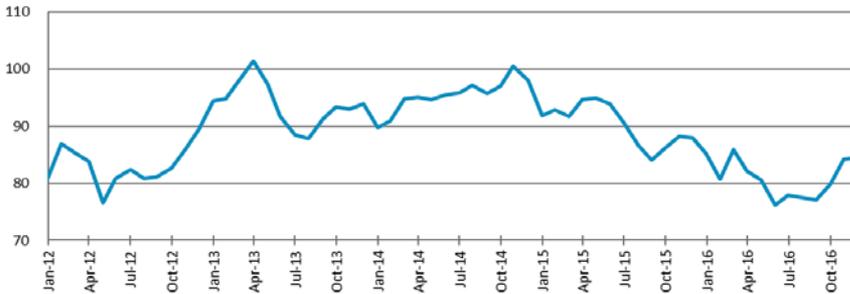
Monthly 5 Years: AUD / EUR



Monthly 5 Years: AUD / KRW

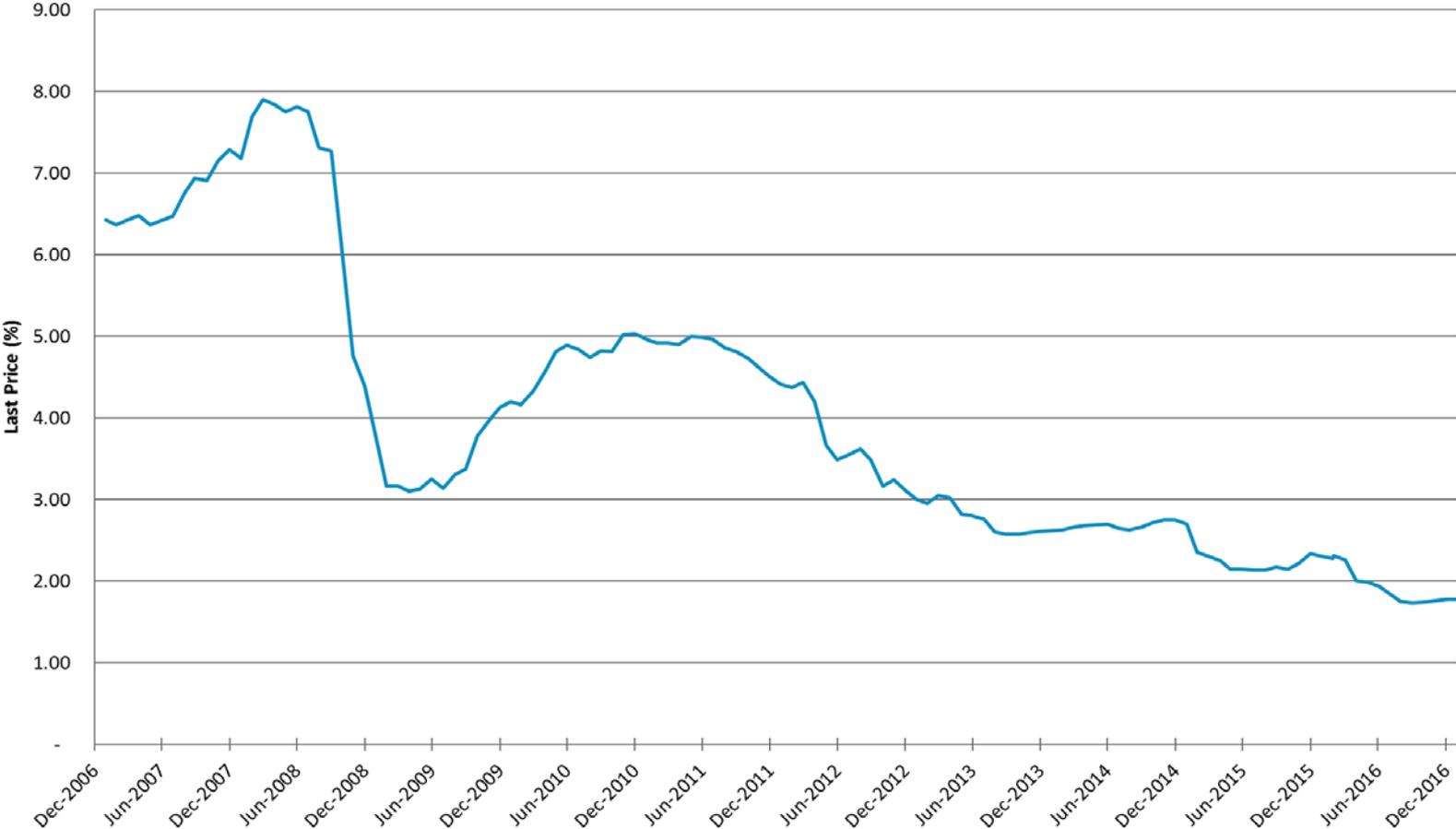


Monthly 5 Years: AUD / JPN



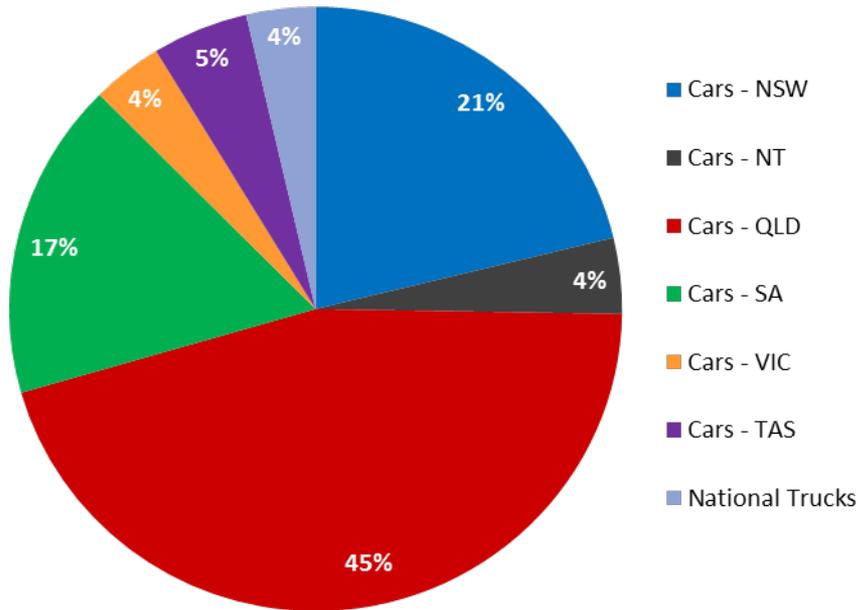
Affordability

90 Day Bank Bill Rate

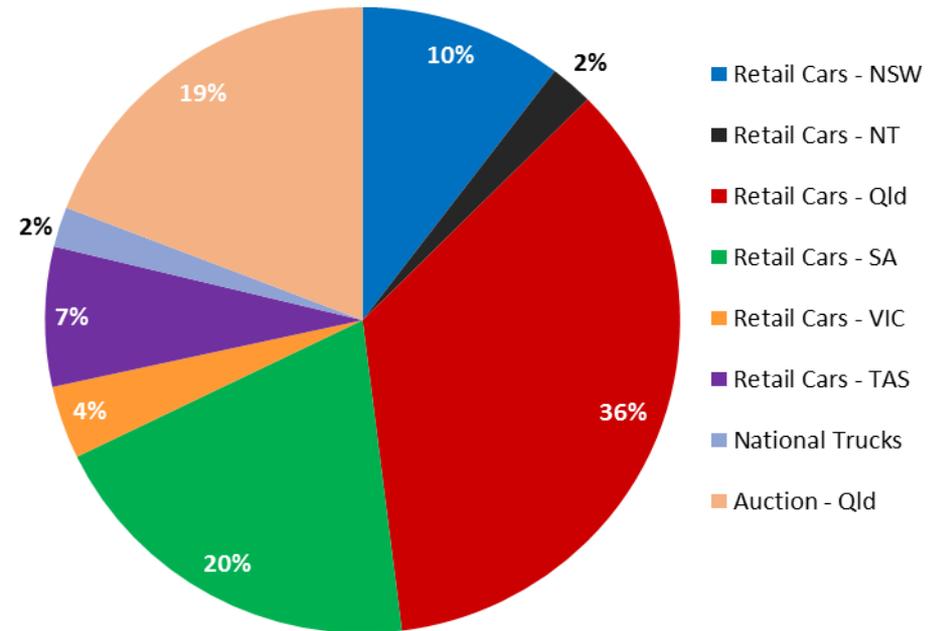


APE Vehicle Sales 2016

APE New Vehicle Sales by State
Total 58,995 + 15.2% (5.0% of National Market)



APE Used Vehicle Sales by State
Total 23,915⁽¹⁾ + 17.7% (est. 1.0% of National Market)



⁽¹⁾ Auction sales of 5,739 units excluded from total (2015: 5,748)

2016 Full Year Highlights - Financial

- Record statutory (basic) EPS of 55.4 cents, up 16%
- Record fully franked final dividend of 22 cents, up 10%
- EBITDA increased to \$179.8m, up 10%
- Underlying⁽¹⁾ net profit before tax increased to \$137.5 million, up 9%
- Cash flow from operations increased to \$110.7m, up 31%
- Continued financial strength and flexibility: - EBITDA/Interest cover 7.4 times (2016)
- EBITDA/Interest cover 7.6 times (2015)

(1) Underlying adjustments include Business acquisition costs \$1.8 million (include taxes, legal and other costs associated with business acquisitions) and benefit from tax refunds associated with previous years' GST payments \$4.4 million.

Financial Summary

\$ Million	2016	2015	Change	
Revenue	3,833.2	3,246.4	Up	18%
EBITDA	179.8	163.1	Up	10%
EBIT	165.8	142.3	Up	17%
PBT	141.4	121.0	Up	17%
PAT	105.5	87.0	Up	21%
Cash from operating activities	110.7	84.6	Up	31%
NTA/share	2.44	2.95	Down	-17%
Net gearing excluding bailment debt	25.8%	19.6%	Up	32%

Balance Sheet - Summary

- New vehicle inventory funded by bailment debt.
- Parts and most used vehicle inventory is balance sheet funded.
- AHG, Smart Group and Cox Automotive Australia investments valued at \$275.1m.
- Substantial property portfolio underwrites the company's financial position.
- NTA decreased by 17% to \$2.44 per share due to intangibles acquired as part of 2016 business acquisitions and lower value of AHG investment (2016: \$3.95/share v 2015: \$4.52/share).

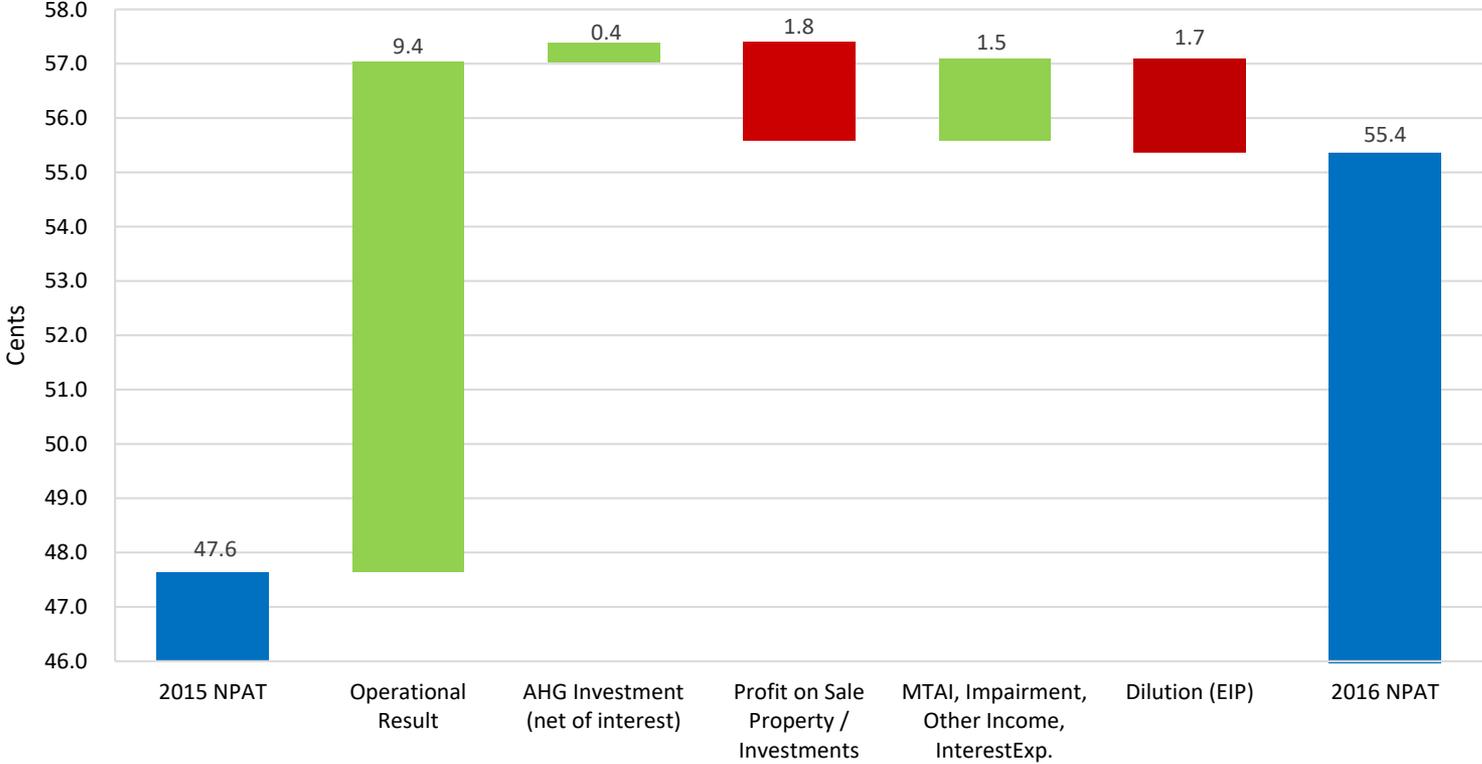
	2016 (\$M)
CA - CL (excl. held for sale)	142.7
Freehold Property (incl. held for sale)	298.5
Other Non Current Tangible Assets	68.4
Investments	275.1
Intangible Assets	298.9
Non Current Debt	(283.7)
Other N/C Liabilities (Deferred tax, and provisions)	(36.2)
Net Assets	763.8

Asset Fair Value Adjustments (before tax)

	2016 (\$M)	2015 (\$M)
Balance Sheet		
- Freehold Property	+ 12.1	+ 2.2
- Investments	- 36.8	+ 46.2
Profit or Loss		
- Investments	+ 2.0	+ 3.5
- Freehold Property	+ 1.2	(2.1)
- Intangible Assets	-	(5.5)
Total	-21.5	+ 44.3

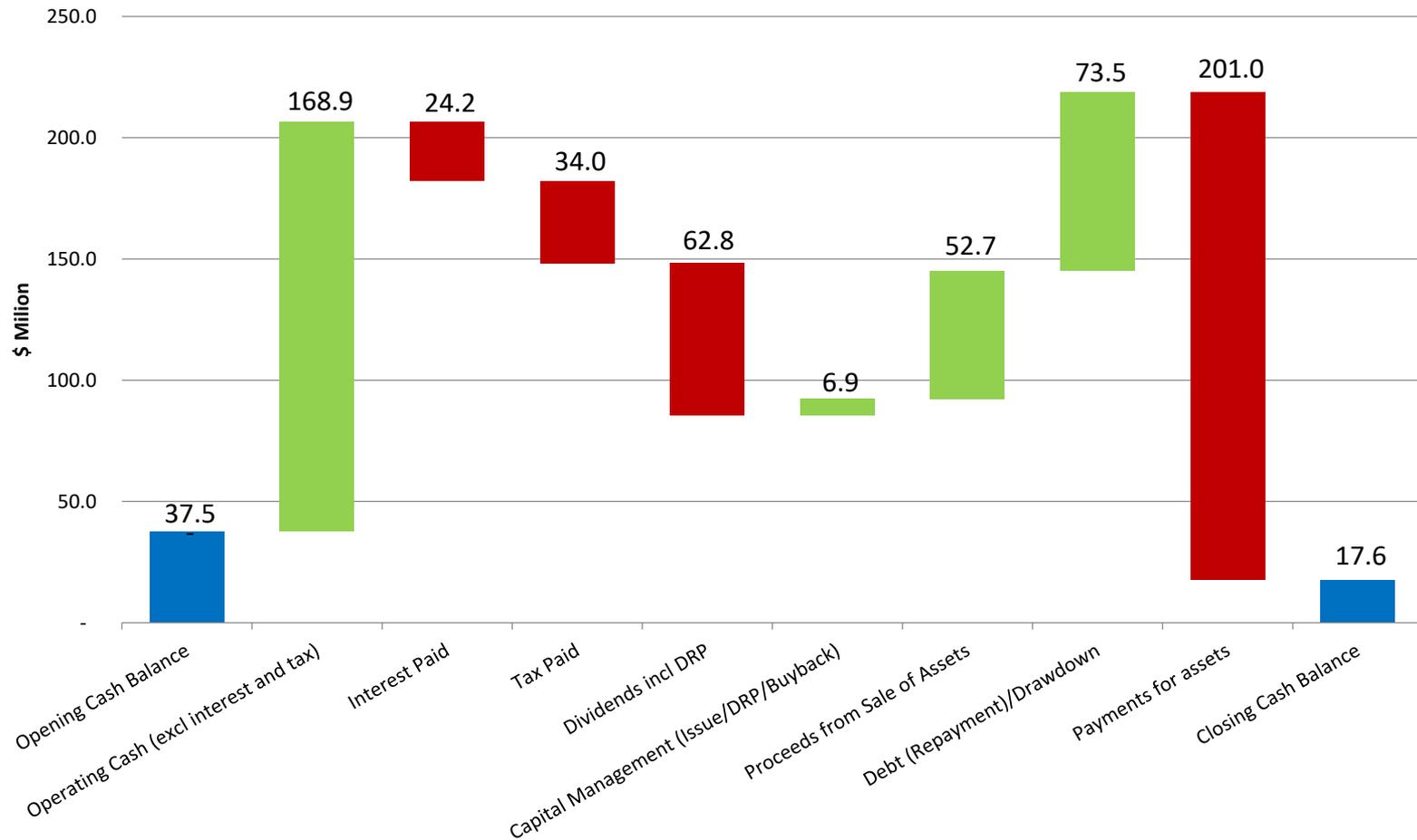
Earnings Per Share

EPS Bridge



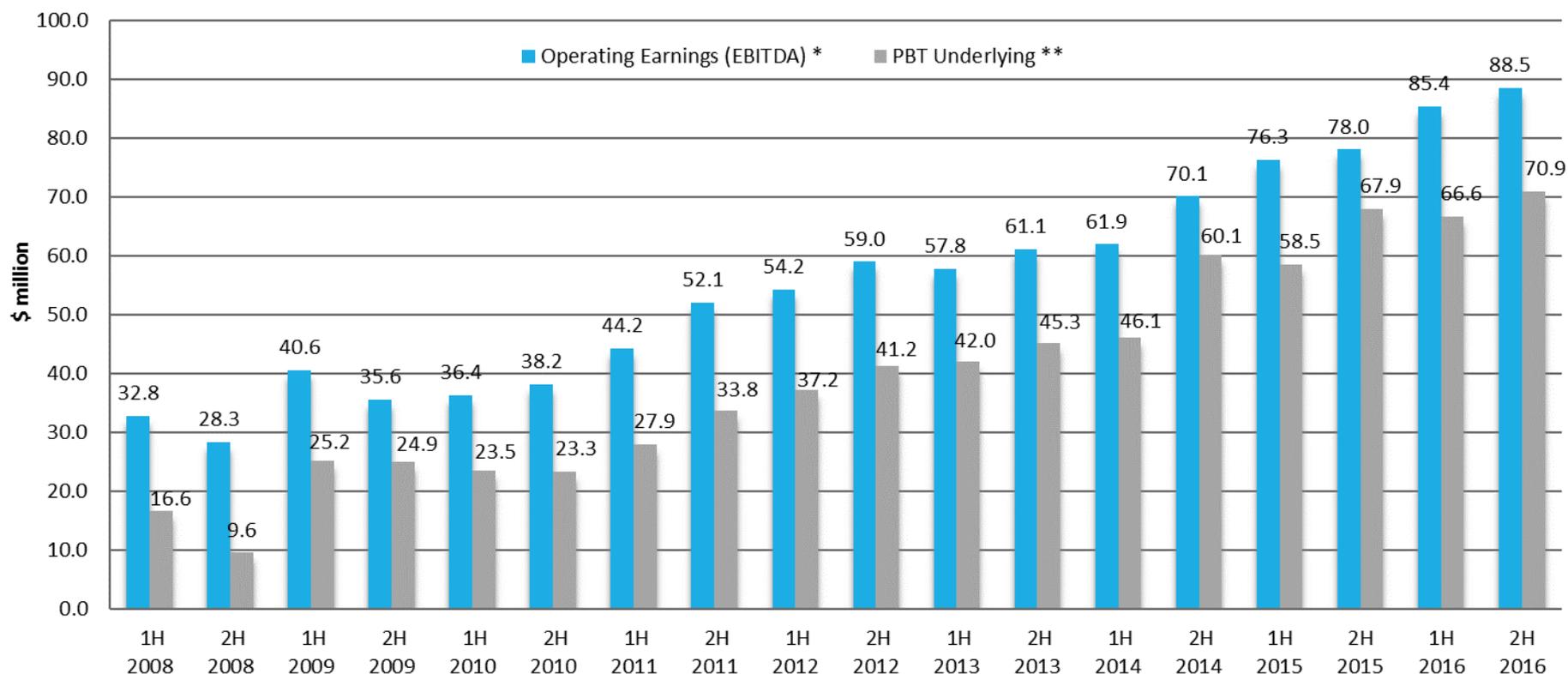
Financial Summary - Cashflow

Cash Flow Bridge 2016



Financial Trends – Underlying PBT

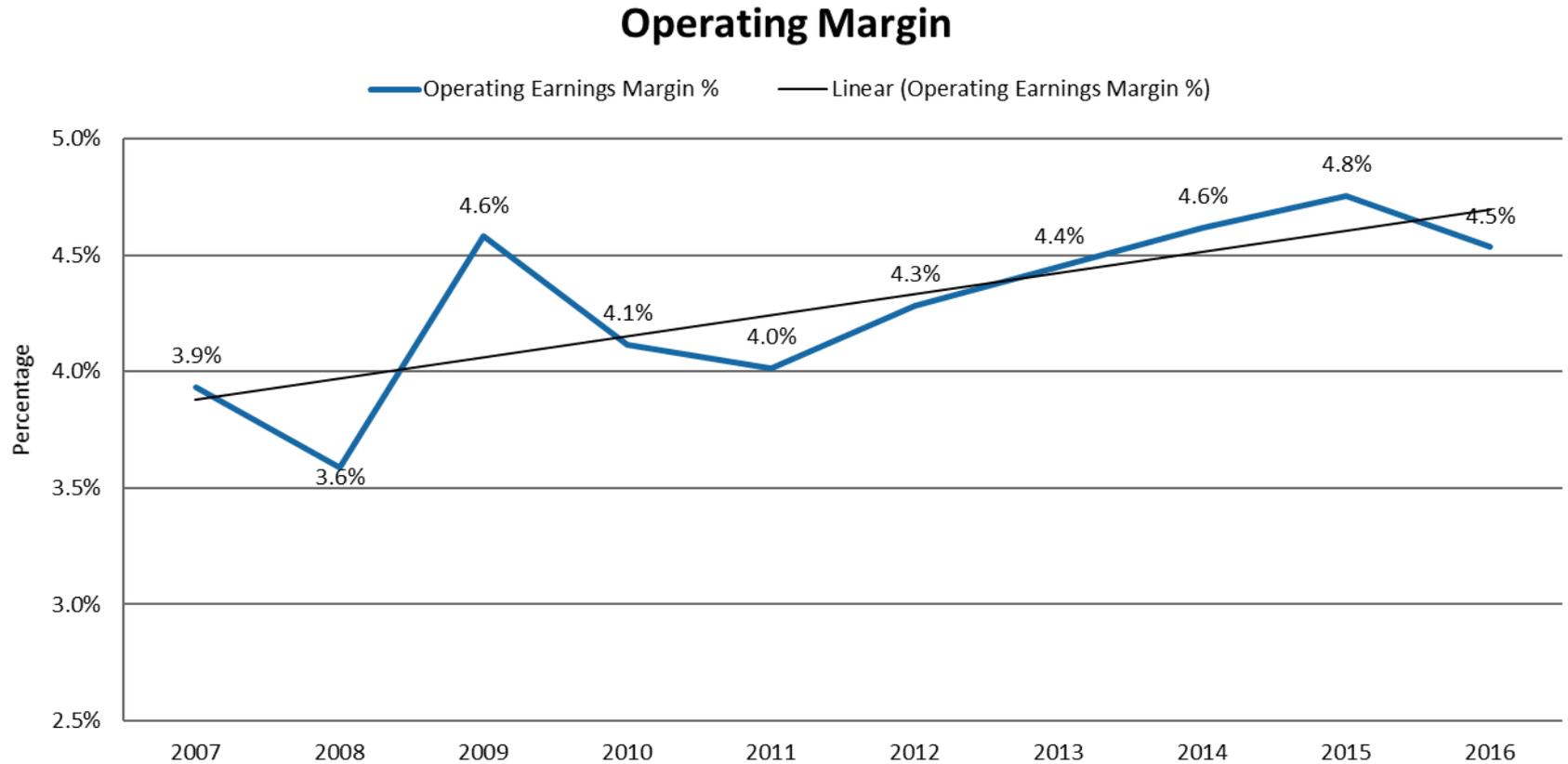
Financial Trends: Underlying PBT



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

** PBT Underlying excludes business acquisition costs, GST tax refunds and fair value adjustments relating to freehold property assets, goodwill and investments

Financial Trends

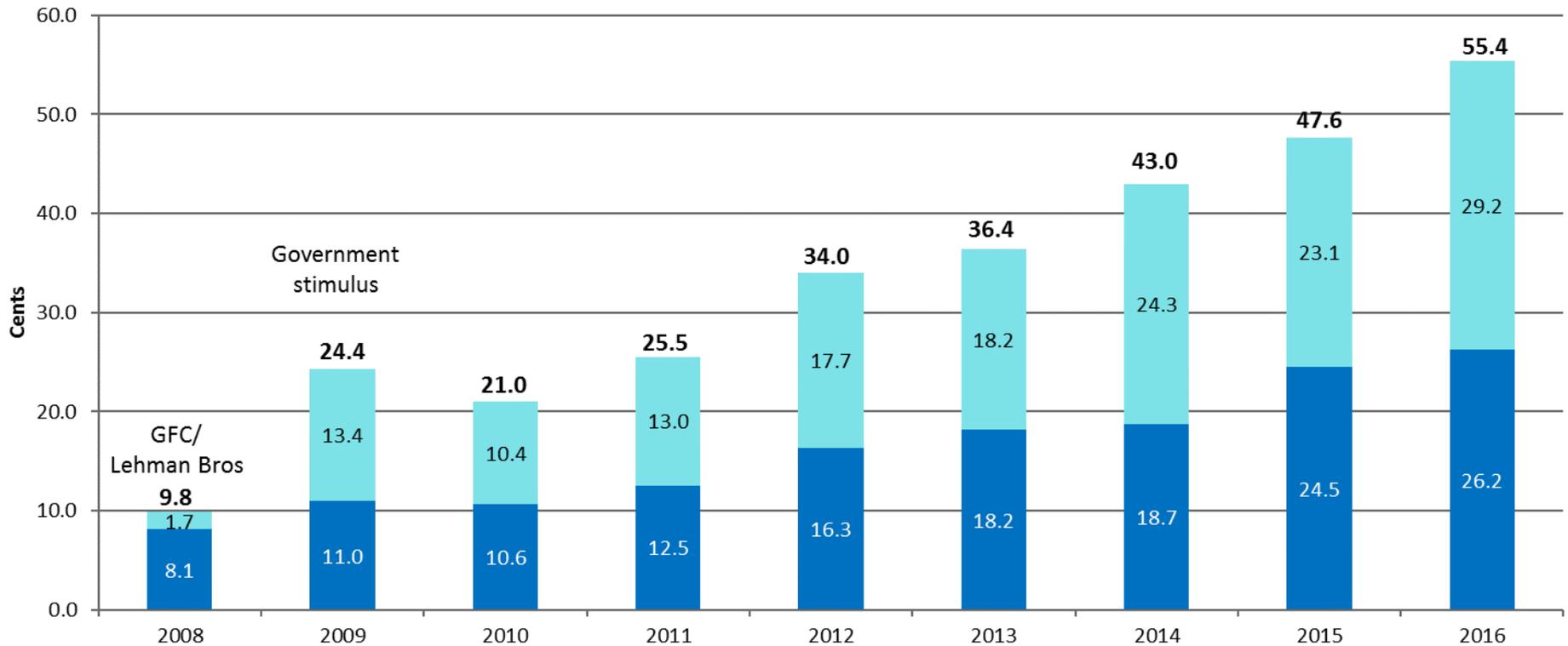


* Operating Earnings is EBITDA Underlying excluding profit/loss on sale of assets and from associates. It includes AHG dividend (from 2012).

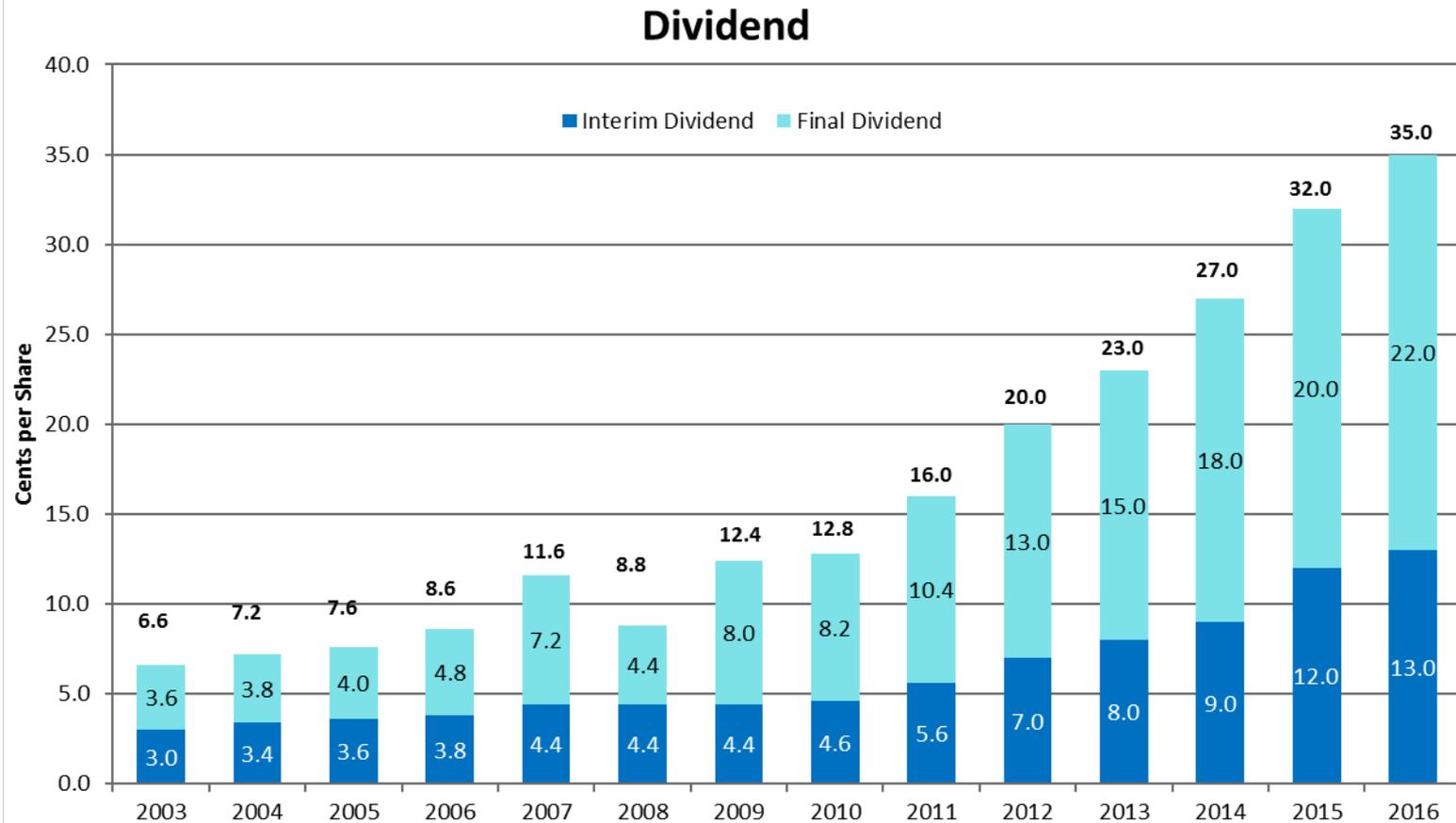
Financial Trends

EPS Statutory (Basic)

■ June - first 6 months ■ December - second 6 months



Financial Trends



Segment Results

Car retailing

Record car retail volumes in NSW with positive contributions from acquisitions. Strong trading in service business.

Truck retailing

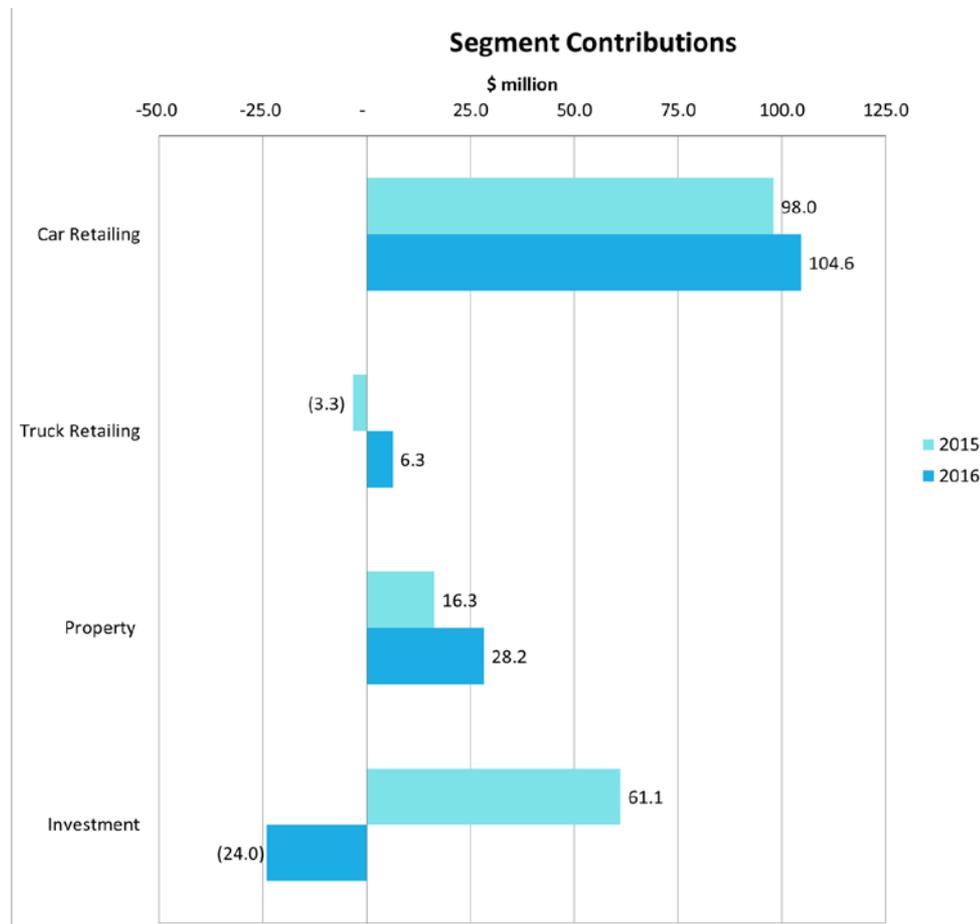
Strong profit performance from truck business despite continued challenging new and used heavy truck trading conditions. Significantly improved results in used and service divisions.

Property

Cash from property sales received \$50.1m. 5 properties added to portfolio in 2016.

Investment

Dividend income of \$14.4m and unrealised loss of \$37.8m on revaluation of AHG investment.



Segment Results – Car Retailing

- Record results with profit contribution up 6.8% on prior year
- Record results for South Australia and Newcastle dealership operations
- Increased asset base reflects acquisitions across the year and hence only partial profit contribution

	2016 (\$M)	2015 (\$M)
Revenue	3,449.7	2,884.7
Segment Profit before Tax	104.6	98.0
Total Assets	1,067.5	732.8
Total Liabilities	661.2	476.0
Net Assets	406.3	256.8
PBT/Revenue	3.0%	3.4%
RONA (after tax)	18.3%	26.9%

Segment Results – Truck Retailing

- Segment represents 9.5% of revenue and 2.9% of net assets
- Strong profit performance from truck business despite continued challenging new and used heavy truck trading conditions.
- Significantly improved results in used and service divisions.

	2016 (\$M)	2015 (\$M)
Revenue	363.8	345.1
Segment Profit before Tax	6.3	(3.3)
Total Assets	91.5	128.1
Total Liabilities	69.1	99.6
Net Assets	22.4	28.5
PBT/Revenue	1.7%	(0.9%)
RONA (after tax)	19.7%	(13.8%)

Segment Results – Property

- Settlement of Fortitude Valley and Woolloongabba properties
- Revaluation gain of \$12.1m, including \$1.2m through the statement of profit or loss
- Acquired 5 new properties in 2016 including three dealership sites for the Mercedes-Benz business in Victoria

	2016 (\$M)	2015 (\$M)
Revenue	30.3	27.9
Segment Profit before Tax	16.2	16.2
Revaluation surplus/deficit before tax	12.1	0.1
Total Assets	320.8	343.7
Total Liabilities	197.2	154.8
Net Assets	123.6	188.8
RONA Trading (after tax)	8.6%	4.9%
RONA incl revaluations (after tax)	19.6%	6.1%

Segment Results – Investments

- Substantial asset balance providing stable returns
- Profit before tax excludes unrealised revaluation loss on investments
- Realised further profits on sale of SIQ shares in 2016

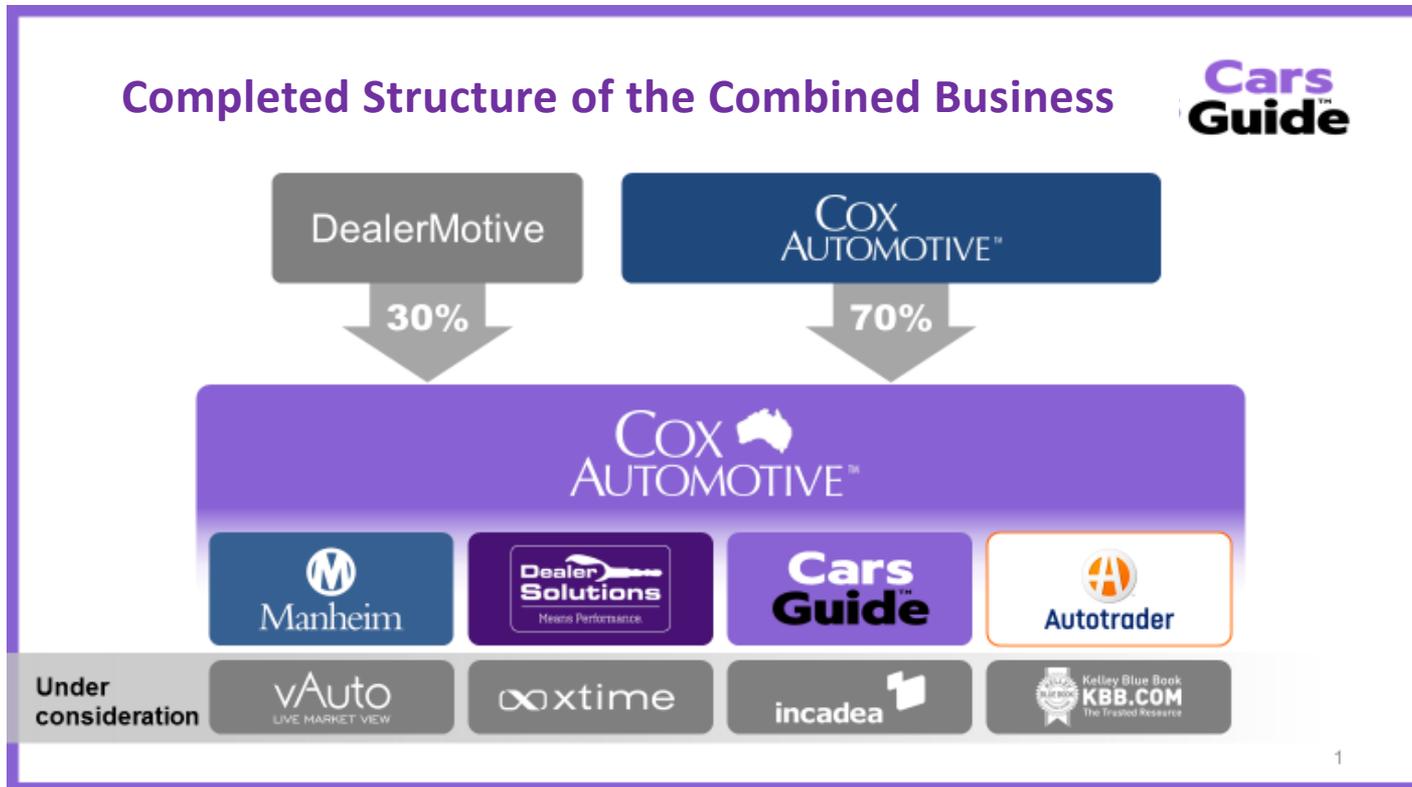
	2016 (\$M)	2015 (\$M)
Revenue	14.4	13.8
Segment Profit before Tax	14.8	14.9
Revaluation surplus/deficit before tax	(38.8)	46.2
Total Assets	274.7	284.8
Total Liabilities	63.2	56.0
Net Assets	211.5	228.8
RONA Trading (after tax)	6.3%	5.3%
RONA incl revaluations (after tax)	(11.4%)	26.5%

AHG Investment

- 66,320,000 shares held at 31/12/16 (19.99%)
- Investment valued at \$261.9m at \$3.95 (31/12/16)
- An unrealised revaluation loss of \$37.8m within investment segment
- Share price (31/12/15) \$4.52, (31/12/16) \$3.95
- 5,415,650 new shares acquired in 2016 @ \$4.52 (avg), costing \$24.5m
- Subsequent to 31/12/16, additional 9,349,235 new shares acquired @ \$3.90 (avg) costing \$36.4m. 75,669,235 shares held at 10/02/17 (22.82%)
- Fully Franked after tax dividends
 - Mar-16 \$5.78m (2015 \$5.48m)
 - Oct-16 \$8.54m (2015 \$7.92m)
 - Oct-16 \$0.62m (2015 \$Nil) ⁽¹⁾

⁽¹⁾ Attributable to additional shares purchased in 2016.

Cox Automotive Australia Investment - \$10.0M



NOTE: The "UNDER CONSIDERATION" arrangements depicted above will not form part of the combined business on completion of the Scheme of Arrangement. Cox Automotive may consider making them available to the combined business in future, but there is no obligation on Cox Automotive to make them available within any timeframe, or at all. Accordingly there is no guarantee that those businesses will ever form part of the combined business.

WHY USED CARS?



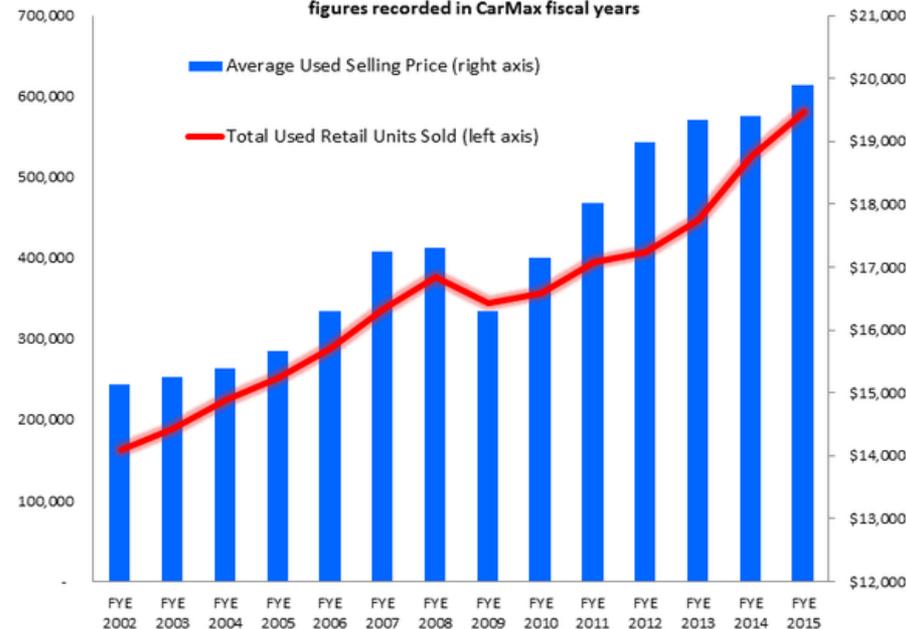
1.14m vehicles

NEW CAR MARKET

2.20m vehicles

USED CAR MARKET

CarMax Retail Pricing and Sales
figures recorded in CarMax fiscal years



	New Car Department	Used Car Department
Product	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Price	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Margin	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Promotion	<input type="checkbox"/>	<input checked="" type="checkbox"/>
People	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Place	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Leading US Automotive Retailers

Carmax
Penske
Autonation

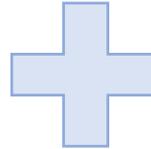
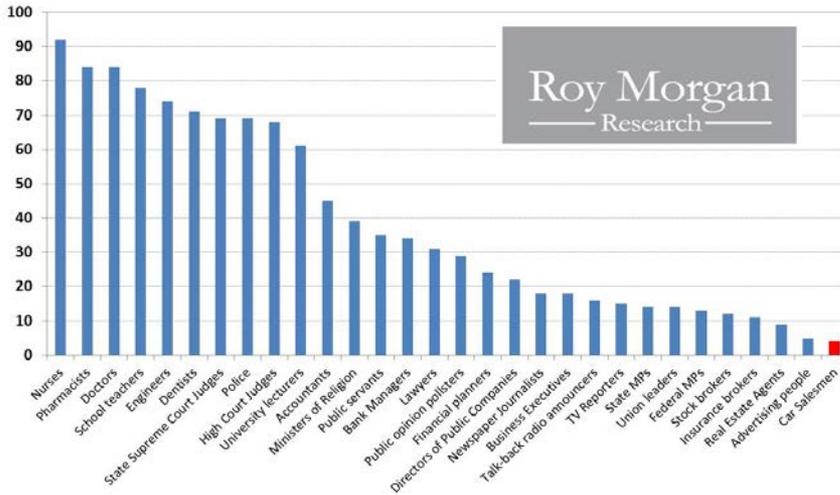
Market Cap.*

12.5Bn (21x)
4.4Bn (13x)
4.8Bn (12x)

*Source: <https://au.finance.yahoo.com/> as at 20/02/2017



THEORY & RATIONALE



Customers' Perceptions of the Used Car Buying Experience.

“Dealers do not have my best interests at heart.”

- Commission based – it’s only about the sale
- Try to upsell
- Don’t care about what I need
- Don’t tell the whole truth



Stacy's car-buying journey included over 900 digital touchpoints* in a 3-month period

71%

Occurred on Mobile

- 139 Google Searches
- 14 YouTube Videos
- 89 Images
- 69 Dealer Interactions
- 186 Manufacturer Interactions

Explored 14 Brands



Considered 6 Brands

Decided Between 2 Brands

USED CAR PORTFOLIO STRATEGY:

... ZOOPER + CARZOOS TO MEET EACH CONSUMER NEED



Traditional Car Dealerships



Zooper!



CARZOOS

Distribution Channel

Dealerships

Online

Dealerships

Online

Shopping Centres

Online

Brand Trademark Positioning Line

Yes

The Best Used Cars. Guaranteed!

Yes

An Entirely New Way to Buy & Sell Used Cars.

Differentiating Benefits

Mixed & Varied

- 7-Day Moneyback Guarantee
- Free 12-month Warranty
- Free 24/7 Roadside Assistance
- Fixed-Price Servicing

- No-Haggle Fixed Price
- Free 12-months Comprehensive Insurance
- 7-Day Moneyback Guarantee
- Free 12-month Warranty
- Free 24/7 Roadside Assistance
- Fixed-Price Servicing
- Delivery vs Pickup (SC)

PLUS: Selling Benefits + Simplr.

Customer Experience

Traditional Model

Traditional Model

New Model

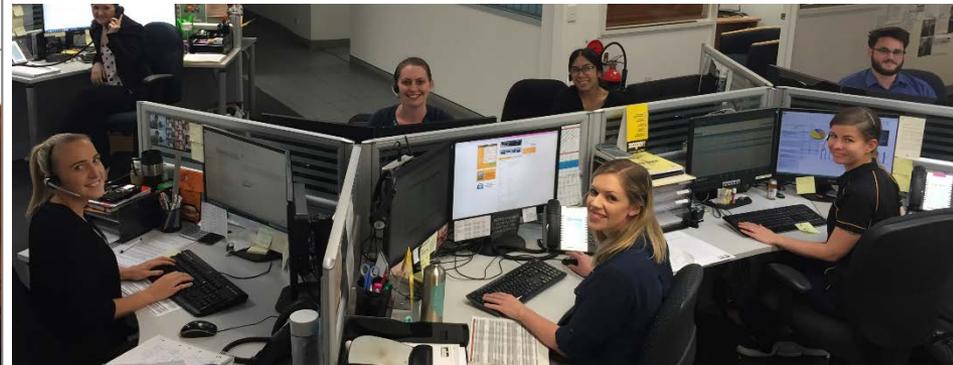
ZOOPER! USED CARS



GLOBAL TREND: AUTOMOTIVE RETAIL IN SHOPPING MALLS



CARZOOS



CHANGING EVERYTHING

AS SEEN ON

MamaM!a

FINANCIAL REVIEW

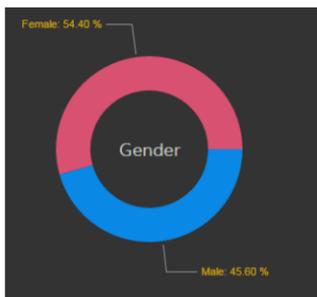
7 NEWS

THE AUSTRALIAN

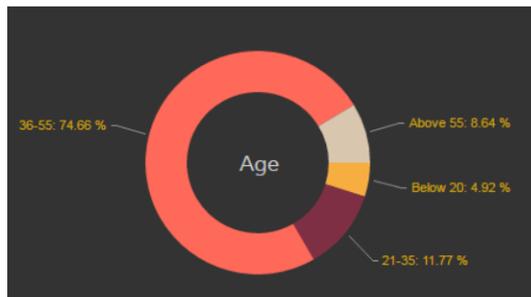
THE HUFFINGTON POST

The Courier & Mail

LEARNINGS TO DATE:



54% female V 45% male in store



74% Age 36-55 + 12% Age 21-35

Online Traffic Demographic Breakdown - New vs Old Carzoos			
Age Groups	Old Carzoos	New Carzoos	Variance (+/-)
18-24	9.3%	16.4%	7.1%
25-34	24.3%	26.5%	2.2%
35-44	21.2%	19.3%	-1.9%
45-54	22.4%	17.6%	-4.8%
55-64	15.2%	12.2%	-3.0%
65+	7.6%	8.0%	0.4%

Total 18-34	33.6%	42.9%	9.3%
Total 35-54	43.6%	36.9%	-6.7%
Total 55+	22.8%	20.2%	-2.6%

Male	63.0%	50.2%	-12.8%
Female	37.0%	49.8%	12.8%

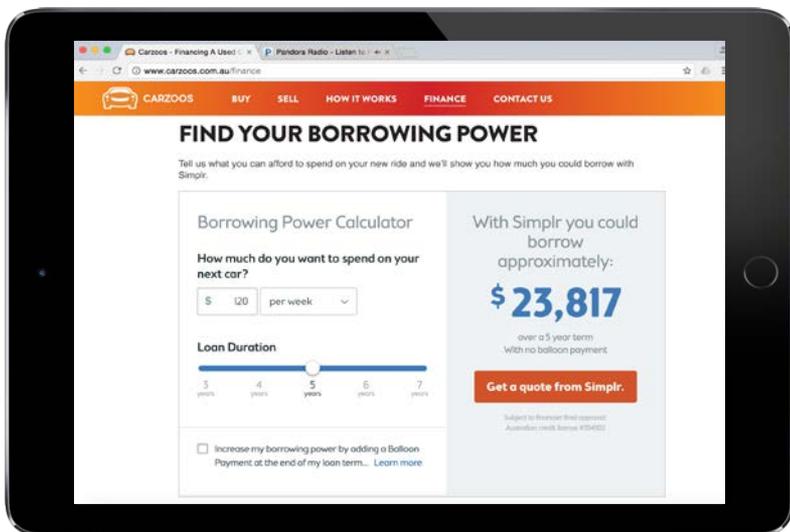
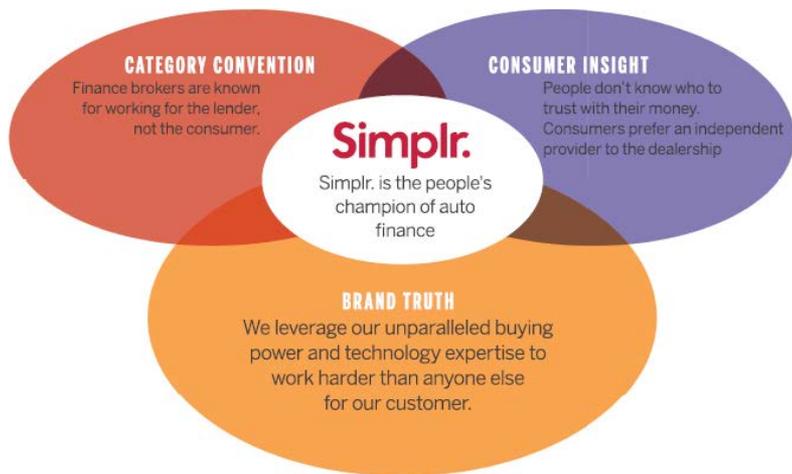


Carzoos Retail Store Adoption*



*Retail store walk-ins only. Excludes inventory driven appointments

Simplr. Finance



2017 Focus

- Continued development of Used Car Strategy Zooper and Carzoos, supported by Simplr
- Further EPS growth for Birrells, Crampton and Tony Ireland group acquisitions
- Renewed focus on all business processes to deliver optimal operating cost
- Implement already prepared scenario plans should ASIC announce regulatory rule changes on Finance & Insurance (18 month lead time expected)
- Carefully selected earnings accretive dealership and ancillary market acquisitions

Disclaimer

- The information in this document (information) does not contain all information necessary for investment decisions, is not intended to be an offer, invitation or recommendation with respect to shares, is not financial product advice, and is intended to be general background information on A.P. Eagers Limited (APE).
- Investors should consult with their own professional advisers.
- No representation or warranty is made as to the accuracy, adequacy, reliability or completeness of the information.
- This document does not, and should not be relied upon as, a promise, representation, warranty or guarantee as to the future performance of APE.
- This document may contain forward-looking statements, forecasts and estimates (forward-looking statements), including anticipated future performance of APE and the market in which it operates.
- 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 beyond APE's control. Therefore, actual results may turn out to be materially different from any future results, performance or achievements express or implied by the 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. APE disclaims any obligation to update any forward-looking statements, to reflect any change in APE's expectations with regard thereto, or any change in events, conditions or circumstances on which the statements are based.

Appendix

A.P. Eagers

COMPANY PROFILE

AP Eagers Today (December 2016)

- **104** year old automotive retail group founded in **1913**
- **60** years as a listed public company – dividend paid every year
- A.P. Eagers owns \$299m of prime real estate
- Represents all **20** of the top **20** selling vehicle brands in Australia and **33** car brands in total along with **14** truck / bus brands
- **4,490** employees **140+** dealership locations in QLD, NT, NSW, VIC, TAS and SA
- 19.9% ownership of Automotive Holdings Group (\$262.0m*)
- 25.8% ownership of DealerMotive (\$10.0m)

* As at 31 December 2016

AP Eagers Volume Car Brands

Represents 10 of the top 10 selling volume car brands in Australia



HOLDEN



ALL 4 THE DRIVER™



AP Eagers Luxury* Car Brands

Represents 10 of the top 11 selling luxury car brands in Australia



Mercedes-Benz



Audi



PORSCHE



JAGUAR



INFINITI.



MASERATI

* Luxury is defined as a luxury vehicle selling more than 500 units annually (per VFACTS)

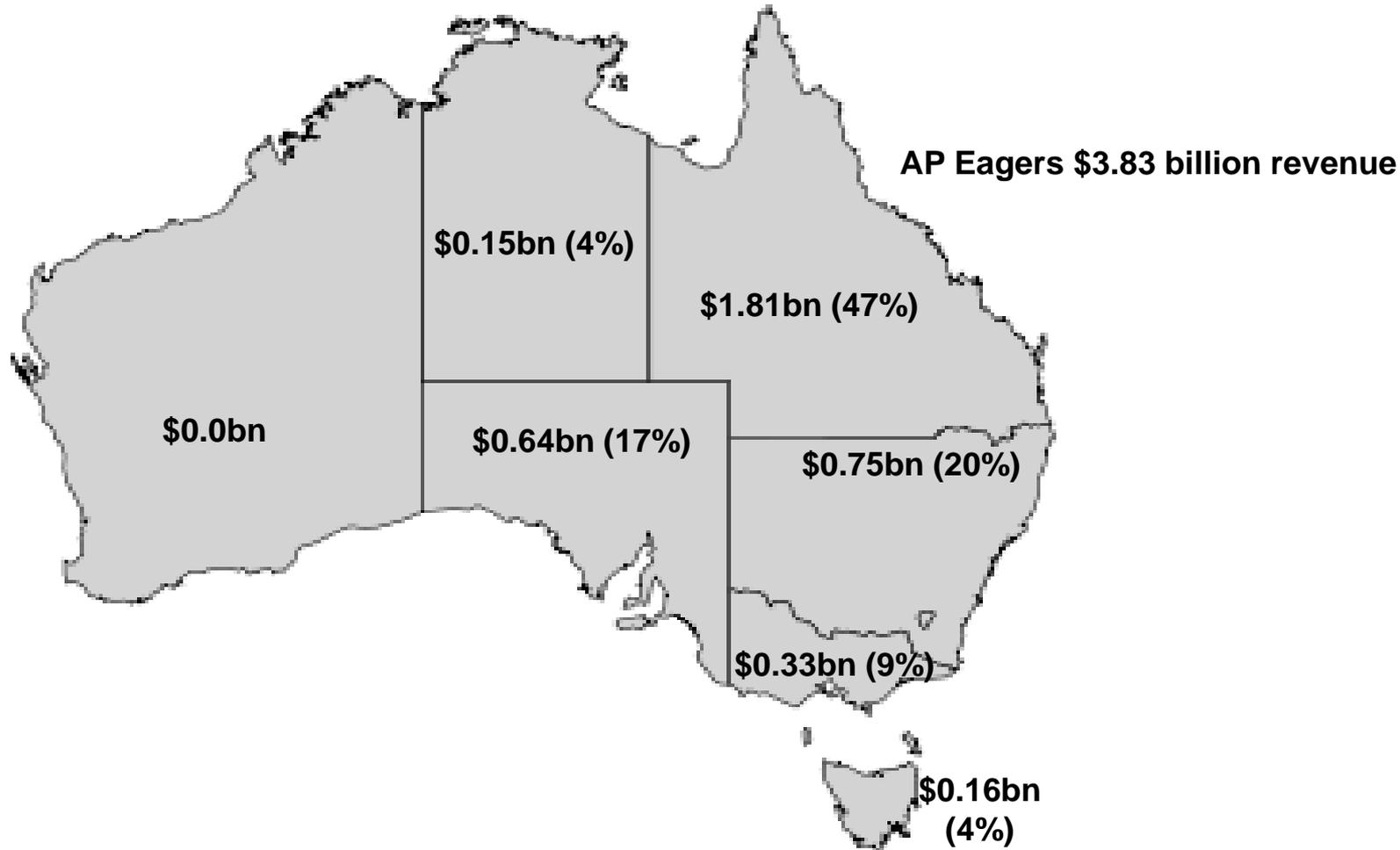
* Maserati sold 483 units in 2016 (2015: 519 units)

AP Eagers Truck and Bus Brands

Representing 14 truck and bus brands



Revenue by State / % of group Revenue



Income Opportunity Franchised Dealership

NEW CAR SALES: + Accessories + Finance + Insurance + Car Care + Trade-In

USED CAR SALES: + Accessories + Finance + Insurance + Car Care + Trade-In

VEHICLE SERVICE: - Value add products i.e. Tyres, wheel alignments, batteries, wiper blades.

VEHICLE REPAIR: - Warranty (Manufacturer pays) and Non Warranty (Customer pays)

- Internal reconditioning of Used Cars

PARTS SALES: - Internal (Service, warranty repair, non-warranty repair, accessories)

- External (Retail – dealership direct to customer)

- External (Wholesale / Trade – large distribution centres deliver to customers)

- Hard parts (Panel) + Mechanical parts

TARGET BASED INCENTIVES: - Volume, Market Share, Franchise Standards, Customer Satisfaction