



## UBS Australian Emerging Companies Conference

# The Big Return – A New Normal

Keith Thornton | Chief Executive Officer

Sophie Moore | Chief Financial Officer

# Eagers Automotive

108-year-old Automotive Retail group with a clear strategy to provide integrated mobility solutions for the next 100 years

## Pure automotive retailer

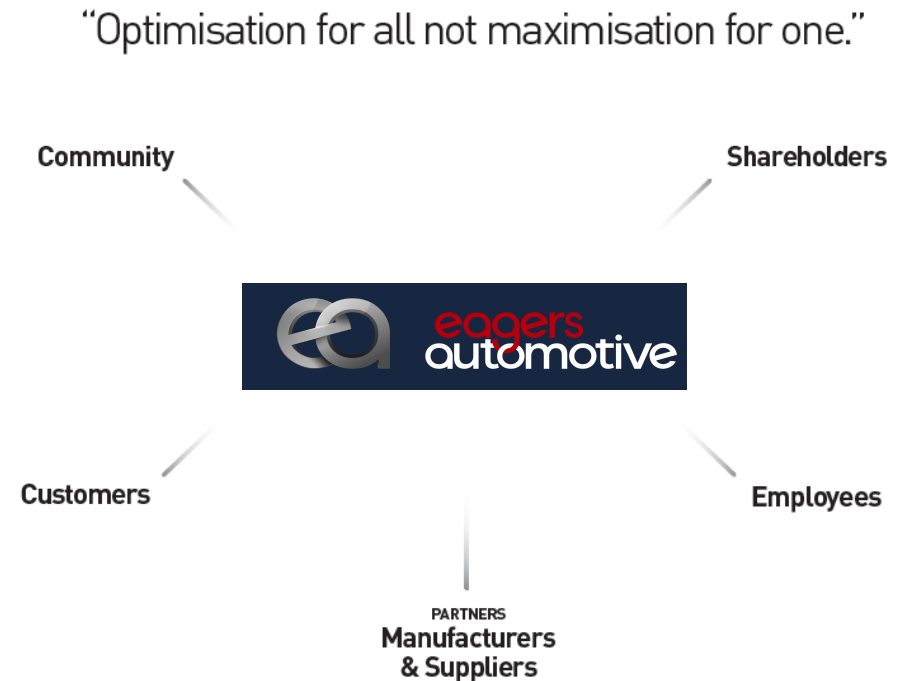
- Pure automotive retail group
- Brand diversification and geographic scale
- Circa. \$9b turnover with > 8,000 employees

## History of success

- 108-year-old company founded in 1913
- Listed since 1957 – dividend paid every year
- Successful track record of accretive growth









## Globally unique position

- Uniquely positioned in the Industry
- Future focused Next100 strategy
- Clear plan for growth in a simplified business








# Simplifying for Success

Simplified model post AHG integration with enhanced scale over a national footprint

	2015-2019		2021 onwards
	 <small>Established 1913</small>		
Franchised Auto	✓	✓	✓
Franchised Trucks	✓	✓	✓
Independent Used Cars		<b>easyauto123</b>	<b>easyauto123</b>
Wholesale Auctions	✗		
Refrigerated Logistics	✗		✗
Other Distribution / Logistics	✗		✗
Property	STRATEGIC OWNERSHIP	ALL LEASED	STRATEGIC OWNERSHIP

# Simplifying for Success

2022 core business units

	2015-2019		2021 onwards
			
Franchised Auto	✓	✓	✓
Independent Used Cars		<b>easyauto123</b>	✓
			✓
Property	STRATEGIC OWNERSHIP	ALL LEASED	STRATEGIC OWNERSHIP

# Automotive Retail Industry

How do retail dealerships work?



# Industry conditions pre-COVID

## Macro Environment

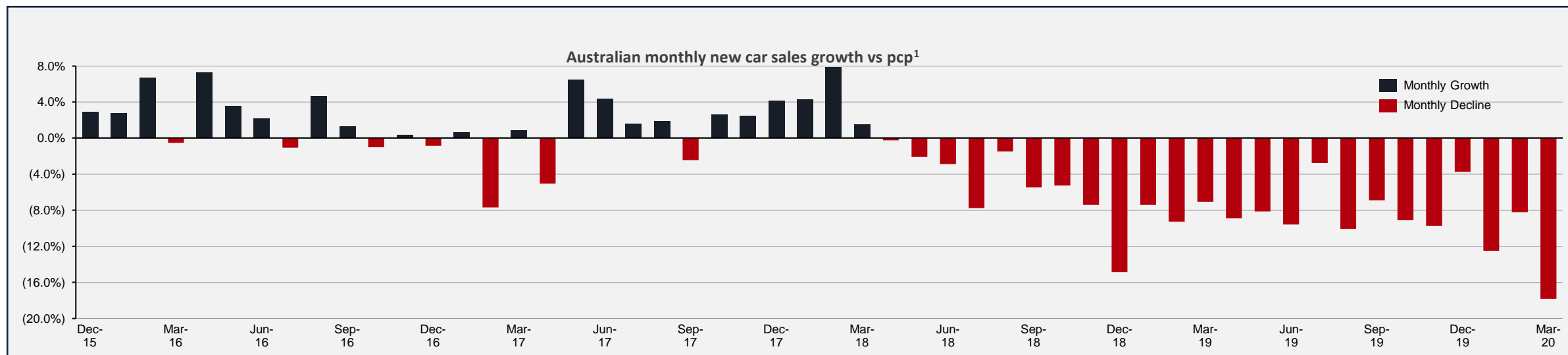
- Unemployment
- Interest Rates
- Business Confidence
- Consumer Confidence
- Housing Market

## Australian Industry

- 24 months of decline in NV market
- F&I regulatory impact
- Departure of Holden

## OEM Dynamics

- Heavily supply driven push environment
- Margin pressure
- Cost pressure
- Rebalancing of economic model



<sup>1</sup> Source: VFACTS

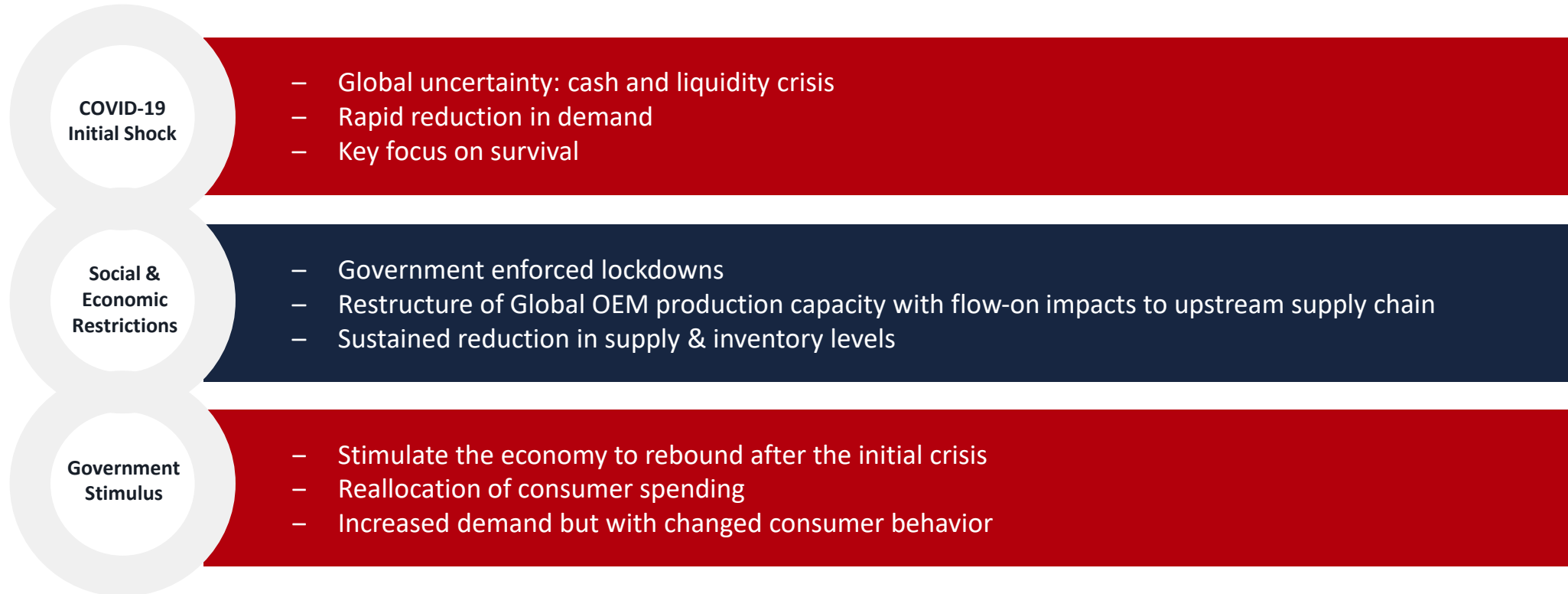
# NEXT100 Strategy

Providing integrated mobility solutions for the next 100 years



# Global Impact of COVID

Rapid onset of pandemic & impact on global automotive supply chain has driven rebalance between supply & demand in Australian market





# Our lessons from COVID

The importance of creating opportunity and adopting a positive mindset during a crisis

- 1 You can't be **lean** and **complex**
- 2 **Need** is a better catalyst for change than **want**
- 3 **What really matters**
- 4 The value of **Productivity x Flexibility**
- 5 **Technology** must drive **Customer Experience** and **Employee Experience**

BUT WHAT EXACTLY IS THE NEW NORMAL?

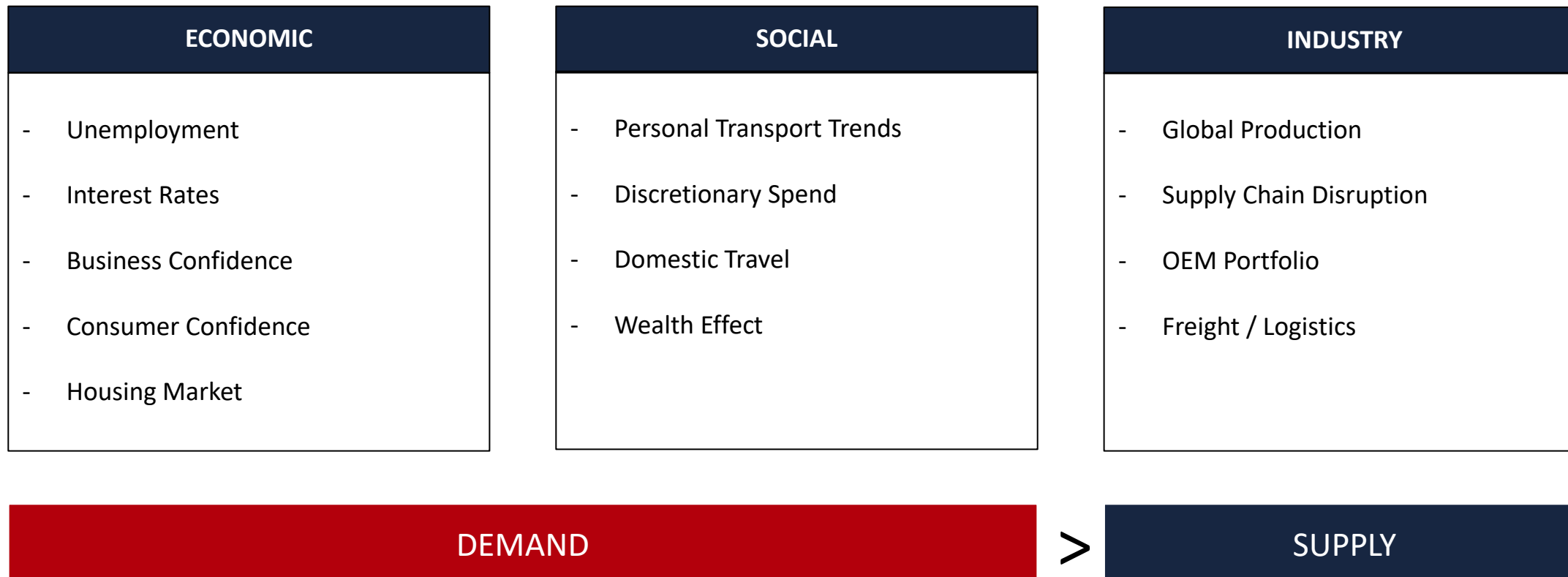
# NEXT100 Strategy

Our strategy has not changed, but our timelines have changed



# Environmental tailwinds continue

Economic, social and industry factors contributing to current market dynamics where demand continues to exceed supply



# Execution remains relentless

Focusing on key income drivers and restructuring our cost base – both enabled by technology



BUY MORE  
CARS

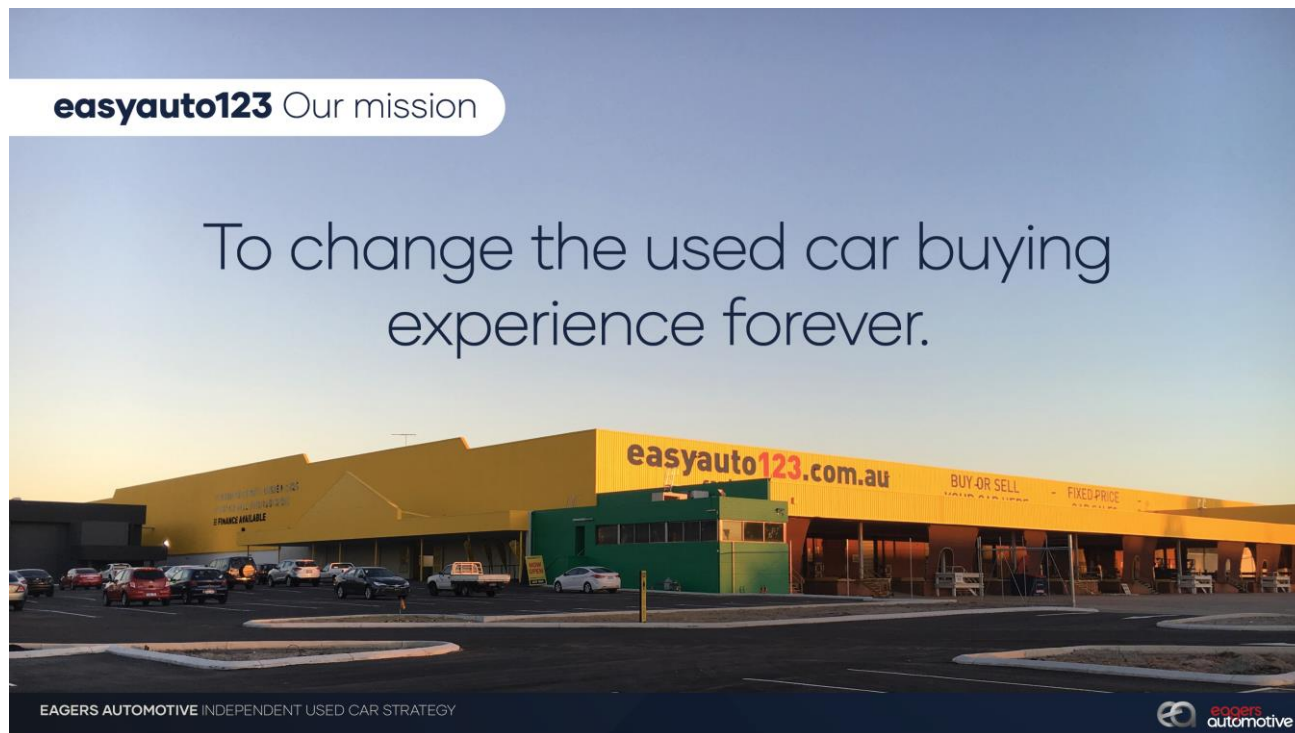



FUND MORE  
CUSTOMERS



# Fixed-price Independent Used Strategy

EasyAuto123 & Carlins Automotive Auctioneers partnering with national network to deliver growth and drive investment



Used Car Industry Leaders		
	 <b>CARVANA</b>	 <b>CARmax</b>
Retail Unit Sales	244,111 <sup>1</sup>	761,862 <sup>2</sup>
Turnover	\$5.6 billion <sup>1</sup>	\$19.0 billion <sup>2</sup>
Market Cap <sup>3</sup>	\$46.5 billion	\$21.1 billion

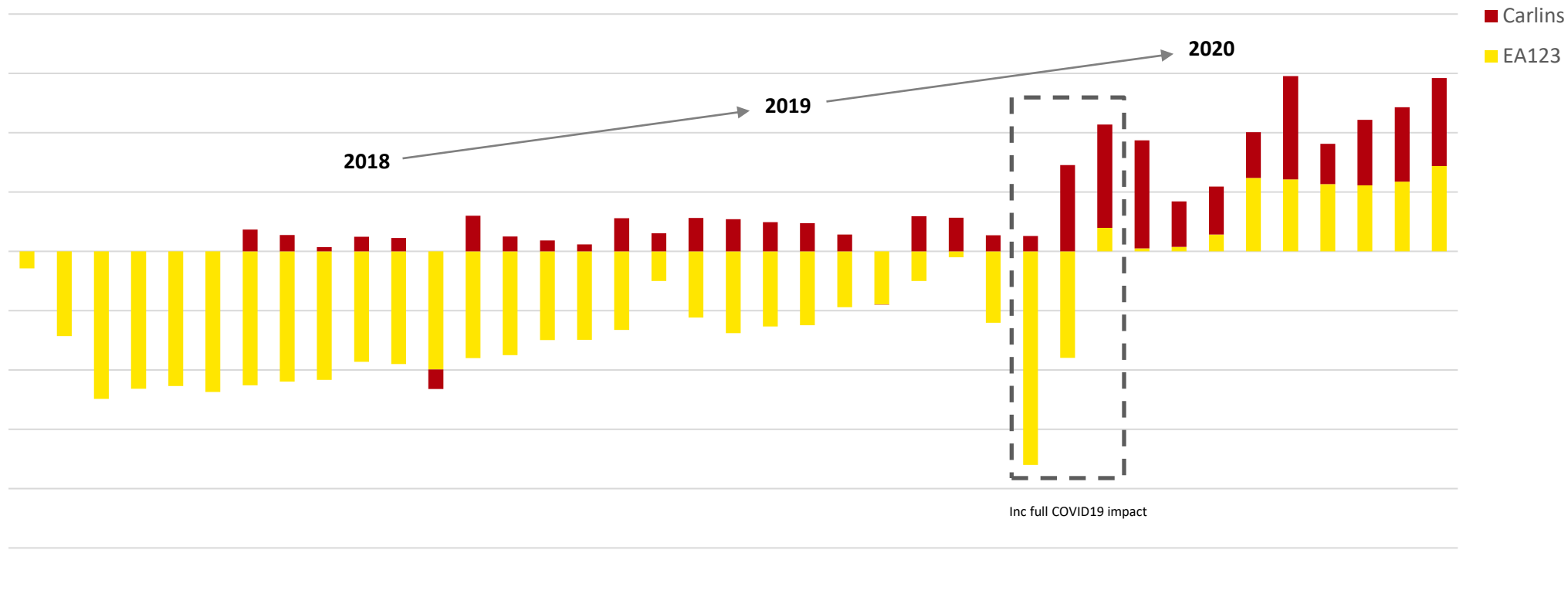
<sup>1</sup> Financial year ended 31 December 2020 – Turnover figure in USD, Retail Used Unit Sales, sourced from carmax.com

<sup>2</sup> Financial year ended 28 February 2021 – Turnover figure in USD, Retail Used Unit Sales, sourced from carvana.com

<sup>3</sup> Values in USD as at 16 April 2021 per reuters.com

# Fixed-price Independent Used Strategy

Strong net operating profit<sup>1</sup> growth continuing into FY21

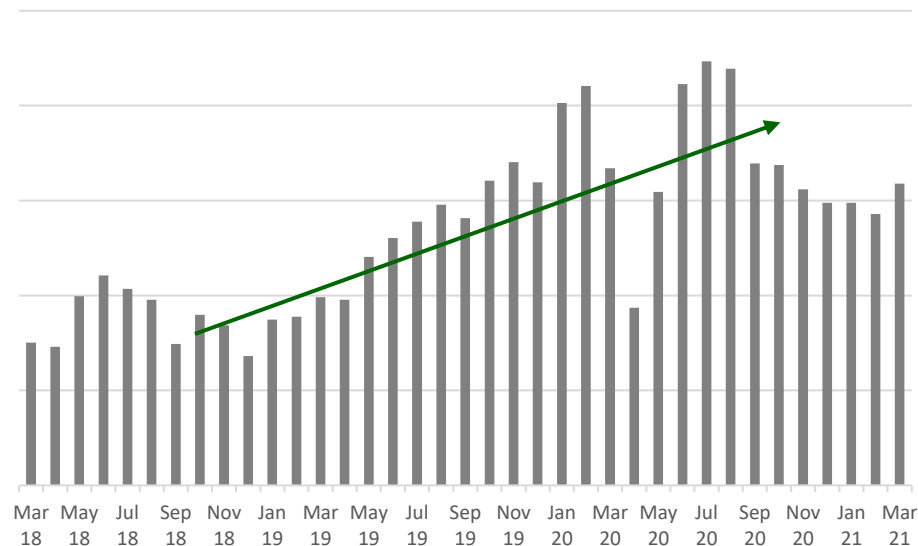


<sup>1</sup> Net operating profit represents divisional net profit extracted from management accounts

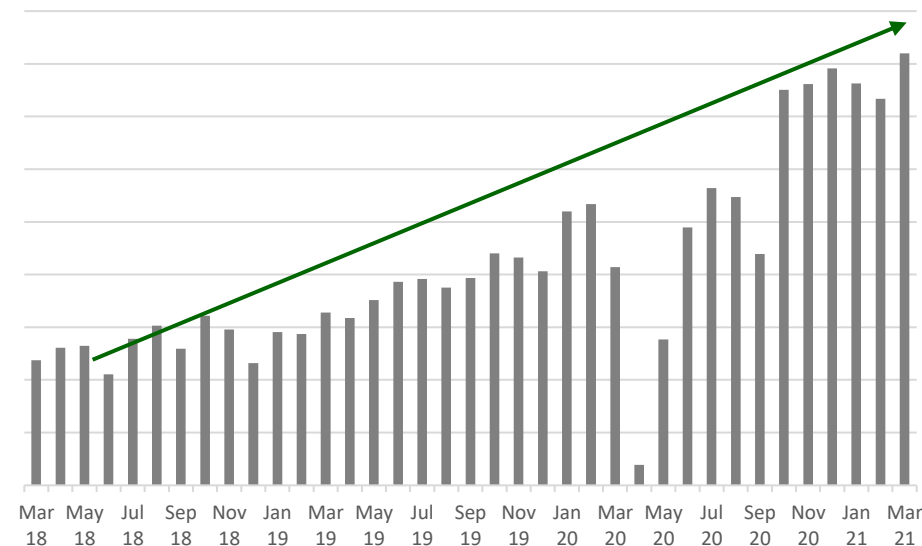
# Fixed-price Independent Used Strategy

EasyAuto123 key metrics continue to trend in the right direction

Average Volume (Units)



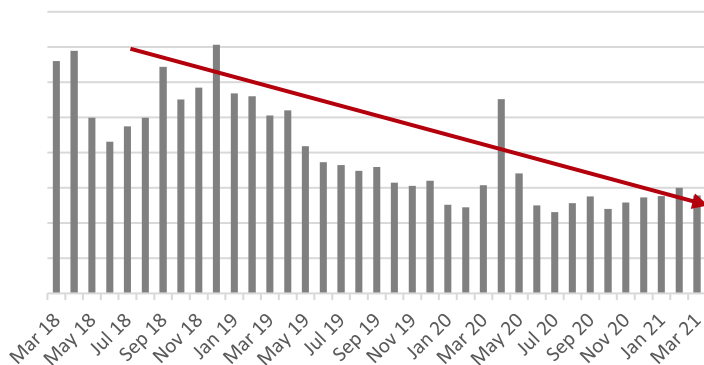
Total Gross Margin (\$)



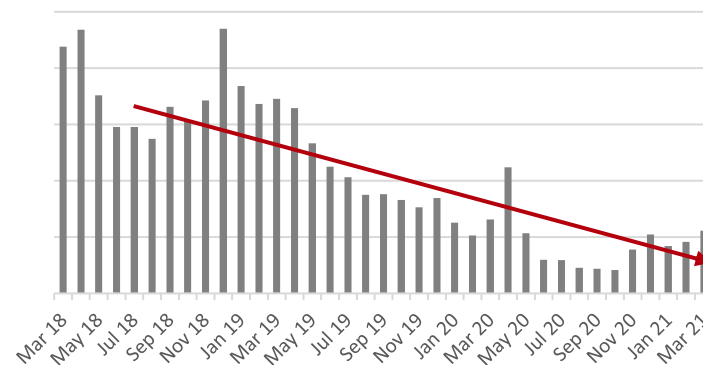
# Fixed-price Independent Used Strategy

EasyAuto123 key metrics continue to trend in the right direction

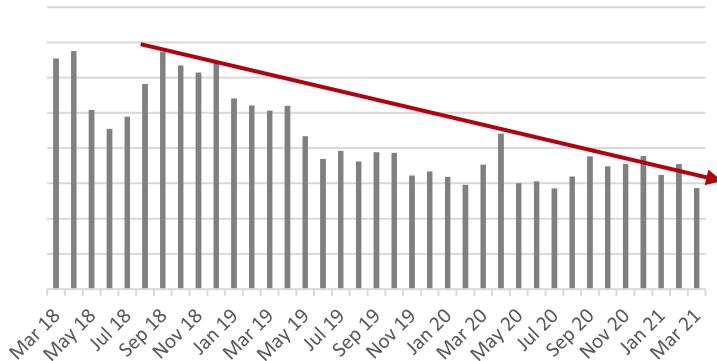
Rent Cost per car (\$)



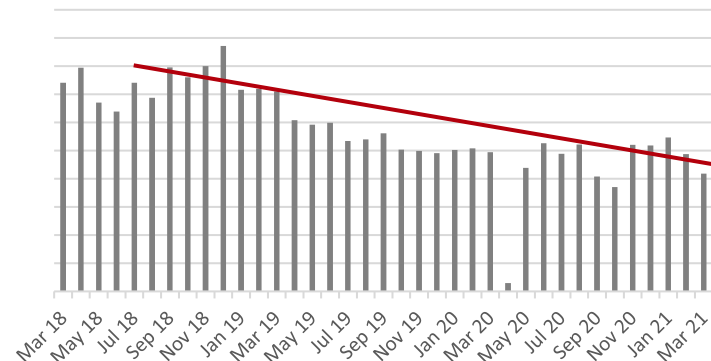
Floorplan Cost per car (\$)



Personnel Cost per car (\$)



Marketing Cost per car (\$)

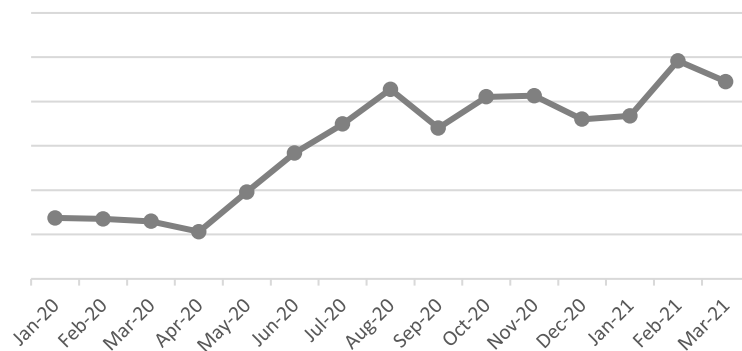




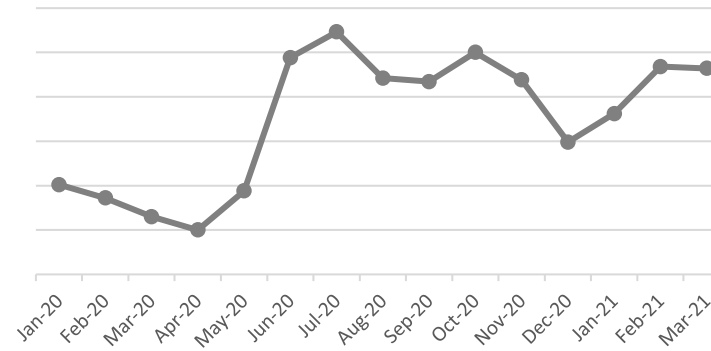
# Fixed-price Independent Used Strategy

Technology enablers driving Omni-channel results

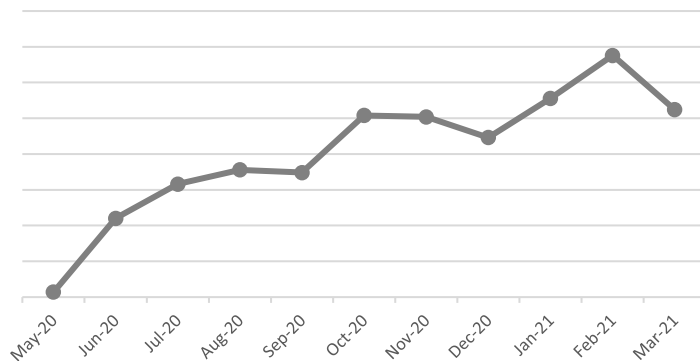
Website Lead Volume



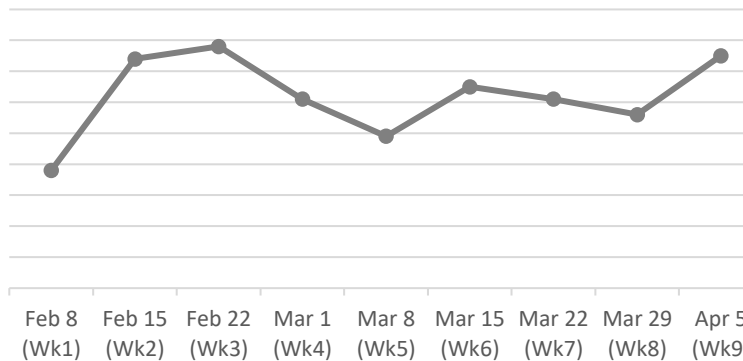
Website Attributed



Website Click 'n' Collect



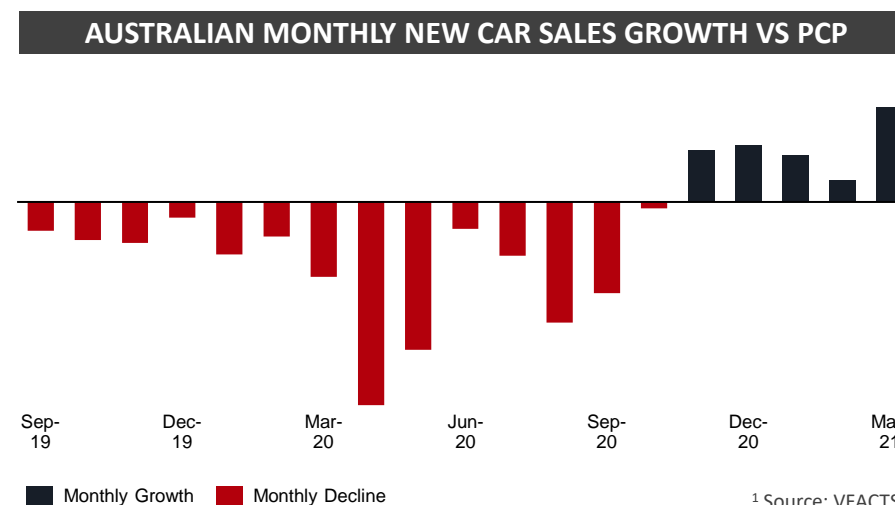
Online Finance Pre-Approval



# Outlook

Strong financial position, scale and geographic diversity in a simplified and focused business – uniquely placed to withstand changing external conditions and accelerate Next100 Strategy

- **Q1 2021 underlying operating results** continuing on from the strong performance in Q4 2020
- **Strong market dynamics** as demand continues to outstrip supply
- **Focus on execution of key operational initiatives** to drive growth in income and deliver sustainable reductions in cost base, while providing market leading Customer Experience
- **Drive strategic initiatives** with a key focus on our fixed price pre-owned business
- Continue to execute on our **property strategy**
- **Opportunity for acquisitions** that are strategically aligned
- Opportunity to invest in organic growth specifically focused on **Independent Used Car Strategy**



<sup>1</sup> Source: VFACTS

# Thank You

# 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 Eagers Automotive Limited (EA).

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 is not, and should not be relied upon as, a promise, representation, warranty or guarantee as to the future performance of EA.

This document may contain forward-looking statements, forecasts and estimates (forward-looking statements), including anticipated future performance of EA 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 EA'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. EA disclaims any obligation to update any forward-looking statements, to reflect any change in EA's expectations with regard thereto, or any change in events, conditions or circumstances on which the statements are based.

## **Non-IFRS information**

EA's results are reported under International Financial Reporting Standards (IFRS). However, EA also uses certain measures to manage and report on its business that are not recognised under Australian Accounting Standards or IFRS. These measures are collectively referred to as 'non-IFRS financial measures' under Regulatory Guide 230 'Disclosing non-IFRS financial information' published by ASIC. Management uses these non-IFRS financial measures to evaluate the performance and profitability of the overall business for internal management reporting as it better reflects what EA considers to be its underlying performance and EA believes that they may be useful for investors to understand EA's financial condition and results of operations. The principal non-IFRS financial measure that is used by EA and may be referred to in this presentation are Underlying Operating financial results. Management uses these and other measures to evaluate the underlying performance of EA. Unless otherwise specified, non-IFRS financial measures have not been subject to audit or review in accordance with Australian Accounting Standards.



eagers  
automotive