



AUTOMOTIVE HOLDINGS GROUP

Automotive Holdings Group Limited
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ABN 35 111 470 038

ASX /MEDIA STATEMENT

19th February 2016

CORRECTION – EBITDA RESULT

AHG advises investors there was a transpositional error in the EBITDA result in the announcement of its FY2016 half-year result. The correct figure from the Appendix 4D lodged earlier today is shown as a correction on this page. Amended slides number 3 and 6 from the Company's presentation are also attached to this document.

AHG DELIVERS RECORD HALF-YEAR PROFIT AND INCREASED INTERIM DIVIDEND

Highlights

- Record Statutory NPAT of \$48.2 million (up 7.0% on pcp)
- Record Operating¹ NPAT of \$49.4 million (up 7.3% on pcp)
- Record Group revenue of \$2.75 billion (up 7.2% on pcp)
- Record Operating¹ EBITDA of ~~\$115.4 million (up 10.9% on pcp)~~ \$112.4 million (up 8.0% on pcp)
- Operating¹ EBITDA margin 4.1% (4.1% pcp)
- Statutory EPS 15.7 cents (14.7 cents pcp)
- Increased interim dividend of 9.5 cents per share fully franked (9.0 cents pcp)
- Strong performance driven by outperformance in Automotive

Automotive Holdings Group Limited (ASX: AHG), Australia's largest automotive retailing and logistics group, today announced a record Operating¹ NPAT for the six months to 31 December 2015 of \$49.4 million (up 7.3% on pcp).

Statutory Net Profit After Tax for the half-year was \$48.2 million (up 7.0% on pcp).

The results were achieved on record Group H1 revenue of \$2.75 billion. Operating¹ EBITDA improved ~~10.9% to \$115.4 million~~ 8.0% to \$112.4 million. Operating¹ Earnings Per Share were 16.1 cents (15.0 cents pcp).

The Company's Directors have declared an increased fully franked interim dividend of 9.5 cents per share. The record date is 18 March 2016 with the dividend payable on 6 April 2016.

AHG Managing Director Bronte Howson said it was a strong performance driven by the outperformance of the Group's Automotive division and a strong focus on cost controls in the Company's Logistics operations.

"It is a pleasing result in a challenging market, across both Automotive and Logistics," said Mr Howson.

"The Automotive division has delivered a very strong result, with growth in NSW, Queensland, Victoria and New Zealand, while our Western Australian operations have continued to outperform the broader declining market," he said.

"The growth of our east coast and NZ operations coupled with the resilience of our Western Australian automotive operations showed the benefits of AHG's scale," said Mr Howson.

Operating¹ – excludes revenue, costs and fees in relation to integration and acquisition-related activities, asset divestments, impairment and sale of properties.

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“We’ve also seen a strong first-half performance from the Bradstreet acquisition in Newcastle; secured a new Nissan franchise in Brisbane and completed the acquisition of West Auckland Nissan and Perth’s three Mercedes-Benz dealerships,” he said.

“The performance in Refrigerated Logistics was down on forecast but the division is well placed to capture new revenue and increase earnings.”

Average cold store utilisation continued to improve however weaker transport volumes, particularly on the east-west corridor, negatively impacted revenues.

A full business review and management restructure has been undertaken with a continued focus on costs and increasing utilisation levels in transport and cold storage across the Rand, Harris, Scott’s and JAT networks.

Mr Howson said the performance of Other Logistics was also an area of continued focus.

“We’ve made significant progress in restructuring our Logistics businesses,” said Mr Howson. “There is further work to be done but we remain confident in the future of those businesses.”

Automotive Retail

Revenue for the Automotive Retail division in the first half of the financial year was up 10.3% to \$2.261 billion (\$2.050 billion pcp) while Automotive Operating¹ EBITDA improved 14.0% to \$80.3 million.

“We are extremely pleased with the performance across Automotive and the result clearly demonstrates the benefits of the Group’s scale and operating model,” said Mr Howson.

During the half-year AHG completed the acquisitions of Perth’s Mercedes-Benz passenger car dealerships and of the West Auckland Nissan dealership. The Company also opened a new Nissan dealership at Clarkson in Perth’s northern suburbs and commenced temporary trading in a new Nissan franchise at Aspley in Brisbane.

Refrigerated Logistics

The Refrigerated Logistics division delivered revenue of \$308.2 million for the half-year (\$319.1 million pcp). Operating¹ EBITDA was \$27.0 million (\$27.5 million pcp) however the EBITDA margin showed improvement from ongoing cost control initiatives.

“We are excited by the future outlook for the Refrigerated Logistics division,” said Mr Howson. “We have initiated a performance improvement program involving Partners in Performance and PwC to target and deliver further cost savings and improvements in productivity.”

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Other Logistics

Revenue for Other Logistics (comprising the operations of AMCAP, Covs, KTM, Husqvarna, Higer Bus and GTB/VSE) was \$180.9 million (\$195.6 million pcp). Operating¹ EBITDA for Other Logistics operations was \$3.5 million (\$6.2 million pcp).

The result was impacted by a number of factors, most notably the delay in the sale of Covs and reduced activity in the mining and resources sectors.

KTM and Husqvarna both delivered increased revenue but were negatively affected by the weaker Australian dollar.

The AMCAP business was also impacted by disruption from the implementation of a new warehouse management system that will deliver future efficiency benefits.

The restructure of GTB/VSE delivered a turnaround in the business, with a further improved outlook for the second half of the financial year, underpinned by a strong order bank.

Outlook

Mr Howson said the Group was confident of further growth in the Automotive division through targeted acquisitions and the continued performance of its existing dealerships.

"The automotive industry is predicting another record year, with 1.16 million new vehicle sales forecast in Australia in CY2016," he said.

"AHG is confident of maintaining and growing its share of the market, both in new and used vehicles, and in service and parts," Mr Howson said. "The comparatively low fuel price and interest rates should maintain confidence in the automotive sector in the second half of the financial year."

The outlook for Logistics is also positive. The sale of Covs to GPC Asia Pacific will be completed in March.

Mr Howson said the Group would benefit from the recent appointment of Stephen Cleary as Chief Executive Officer Logistics.

"An important part of Stephen's role will be to drive the Refrigerated Logistics performance improvement program," he said.

"Stephen brings considerable industry and leadership experience to the Group and will drive performance across Refrigerated Logistics and our Other Logistics business units. His appointment reflects the strategic focus on the identification of further cost savings and improved processes to allow the Group to grow profitability," said Mr Howson.

"We are excited at the opportunity to deliver on the potential of the combined businesses of Rand, Harris, Scott's and JAT."

"I am very confident going forward into the second half of the financial year," said Mr Howson.

ENDS

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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 and Cova (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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Financial Performance



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Consolidated Financial Performance	1H FY2015 (\$m)	1H FY2016 (\$m)	% change
Operating ¹ Performance			
Revenue	2,565.9	2,750.9	7.2%
EBITDA	104.1	112.4	8.0%
EBITDA %	4.1%	4.1%	
EBIT	84.2	91.0	8.1%
EBIT %	3.3%	3.3%	
Operating Net Profit after Tax	46.1	49.4	7.3%
Earnings Per Share (cps)	15.0	16.1	7.3%
Interest Cover (times)	4.8	5.5	
Statutory IFRS Performance			
Unusual items	(1.1)	(1.3)	
Statutory Net Profit after Tax	45.0	48.2	7.0%
Earnings Per Share (cps)	14.7	15.7	6.8%

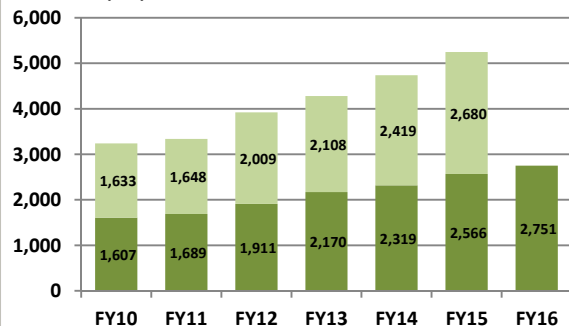
- Improved operating performance highlighted by integration of acquisitions
- Revenues up 7.2% to \$2,750.9 million
- Record Statutory Net Profit after Tax, up 7.0% on PCP
- Operating¹ EBITDA of \$112.4 million, up 8.0% on PCP
- Operating¹ EBIT of \$91.0 million, up 8.1% on PCP
- Interest cover 5.5x
- Operating¹ EPS up 7.3% to 16.1 cents

Performance

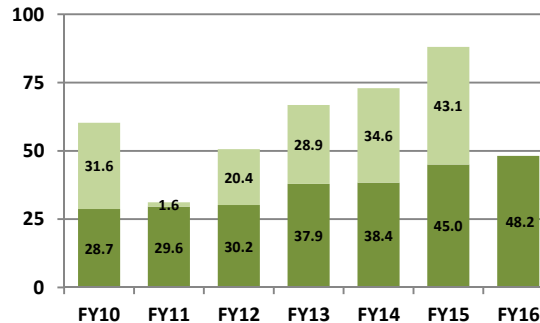


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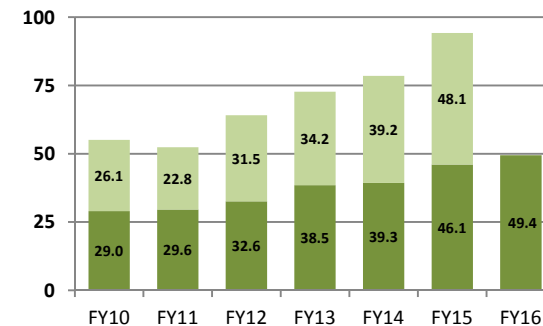
Revenue (\$m)



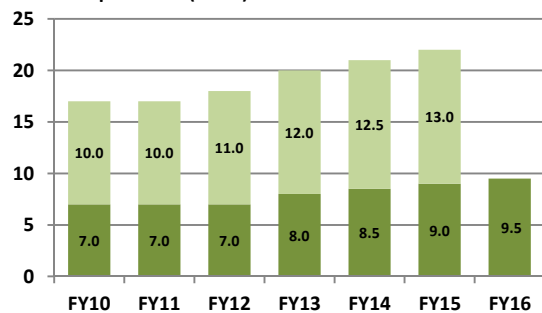
Statutory NPAT (\$m)



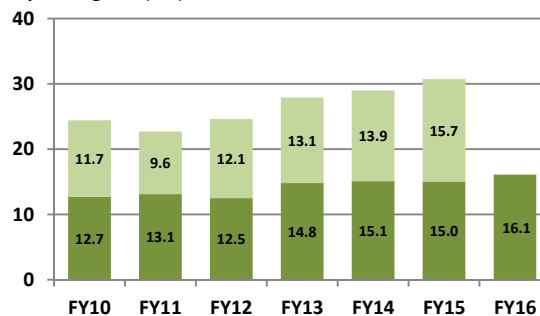
Operating NPAT (\$m)



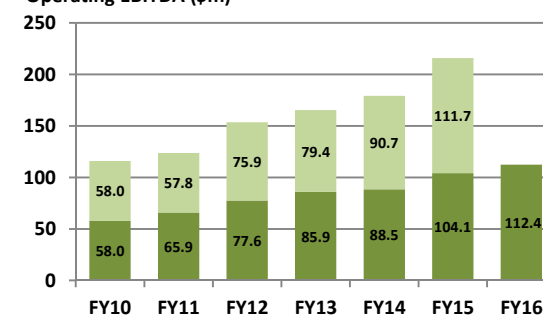
Dividend per Share (cents)



Operating EPS (\$m)



Operating EBITDA (\$m)



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