



FY2017 H1 Results

February 2017



The half-year in review



Consolidated
Operating¹ NPAT
of \$43.9m
in line with
expectations for
the half-year

- Broader automotive market supported by record new vehicle sales in Australia and New Zealand
- Strong Automotive earnings growth with Operating¹ EBITDA up 10.3%
- Solid growth in regional and metro NSW, Vic and NZ offset WA downturn
- **easyauto123** used car strategy underway with additional sites to open in Melbourne, Sydney, Brisbane and Perth this calendar year
- Refrigerated Logistics trending in line with plan
- Strong performance in KTM/Husqvarna supported by favourable FX
- Capital raise in August supported substantive automotive acquisitions over recent months

Operational review



AUTOMOTIVE

- Significant acquisitions – City Mazda Vic, Doncaster JLR Vic and Audi/Skoda in Newcastle
- National expansion of Daimler Truck relationship with acquisition of Laverton dealership in Victoria
- Rollout of **easyauto123** model gaining momentum with strong performance in existing Joondalup site
- Heavy truck market was weak in H1 but stronger start to H2
- Preparations to mitigate expected market changes evolving from ASIC reviews of F&I commissions

LOGISTICS

- Priority on Refrigerated Logistics transformation program
- Refrigerated Logistics business development focus on client service and revenue expansion
- KTM/HQVA Sydney move aligns with dealer network
- Management of east coast auto, truck and motorcycle parts distribution from new Sydney facility

Financial Performance



Consolidated Financial Performance	H1 FY2016 (\$m)	H1 FY2017 (\$m)	% change
Operating¹ Performance			
Revenue	2,750.9	2,959.3	7.6%
EBITDA	112.4	108.1	(3.9%)
EBITDA %	4.1%	3.7%	
EBIT	91.0	85.3	(6.3%)
EBIT %	3.3%	2.9%	
Operating Net Profit after Tax	49.4	43.9	(11.3%)
Earnings Per Share (cps)	16.1	13.6	(15.9%)
Interest Cover (times)	5.5	4.4	
Statutory IFRS Performance			
Unusual items	(1.3)	(5.2)	
Statutory Net Profit after Tax	48.2	38.7	(19.8%)
Earnings Per Share (cps)	15.7	12.0	(23.6%)

- Revenue movement against PCP
 - Automotive up 11.8%
 - Refrigerated Logistics down 7.2%
 - Other Logistics down 20.5% (Covs divestment)
- Automotive margins broadly flat offset by lower profit in Refrigerated Logistics
- PCP included ~\$4.2m (Operating¹ NPAT) gains from profit on sales of property and securities
- EPS impacted by equity raise and lower profit
- Unusual items include Refrigerated Logistics transformation costs and CEO-MD transition costs in H1

Operating Cash Flow



Operating cash flow of \$17.1 million compared to \$15.4 million pcp

- Operating cash flow in line with PCP but lower than historical levels
- Weaker operating cash flow resulting from lower profit level
- Cash flow impacted significantly by timing events with ~\$40m increase in working capital
 - Prepayment of annual insurance premiums
 - Annual automotive manufacturer rebates received post 31 December
 - Tax refunds received post 31 December
 - Delayed payment by large Refrigerated Logistics client now received



Balance Sheet



- Recent equity raise has funded \$65 million of acquisitions - Doncaster Autos, City Mazda, 360 Finance, Laverton Trucks and Newcastle Audi/Skoda
- Increase in working capital in H1 impacting net debt
- Inventory increase driven by above acquisitions
- Capital expenditure of \$54 million in H1 across Property, Equipment and Technology assets
- Expectation of stronger H2 operating cash flow

Balance Sheet Gearing	30 June 2016	31 Dec 2016
Total Borrowings	1,094.1	1,133.0
Cash & Cash Equivalents	(108.6)	(84.3)
Net Debt	985.5	1,048.7
Inventory Finance (Floorplan)	(711.5)	(738.9)
Net Debt – Excluding Floorplan Finance	274.0	309.8
Interest Rate Cover	5.0	4.4
<u>Gearing Ratio</u>		
Net Debt + Equity – Excluding Floorplan Finance	993.5	1,125.0
Net Debt / [Net Debt + Equity] – Excluding Floorplan Finance	27.6%	27.5%



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Automotive

Automotive Operating¹ Performance



Operating ¹ Performance	H1 FY2016 (\$m)	H1 FY2017 (\$m)	% change
Revenue	2,261.7	2,529.5	11.8%
EBITDA	80.3	88.6	10.3%
EBITDA %	3.6%	3.5%	
EBIT	71.1	78.5	10.4%
EBIT %	3.1%	3.1%	
Profit Before Tax	61.0	66.4	8.8%

- Revenue up 11.8%
- Operating¹ EBITDA up 10.3%
- EBITDA and EBIT margins maintained
- Operating¹ Profit Before Tax up 8.8%



Automotive Commentary



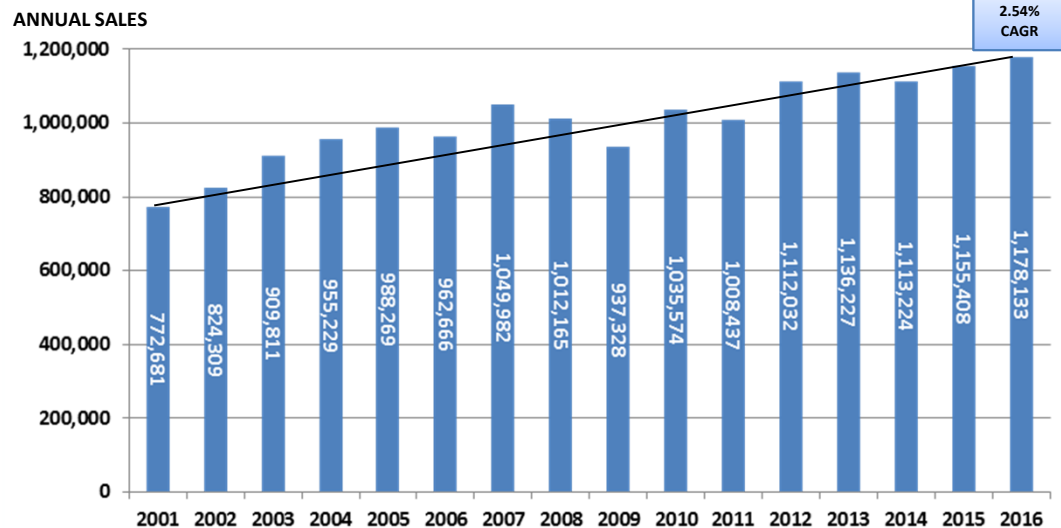
- Continued expansion of automotive business with recent acquisitions
- Strong performance in NSW, VIC and NZ continue to offset the weaker WA market
- WA market remains challenging but inventory well controlled
- Truck volumes were weak in H1, particularly in WA, but conditions stronger over start of H2
- Pressure on F&I with heightened media surrounding ASIC reviews



Industry Commentary



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Record new vehicle registrations CY2016 of 1.178 million

Private sector represents 48.5% of the market[#]

AHG presence in growth markets in NSW and Vic

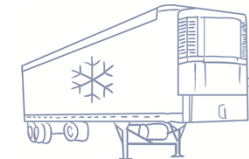
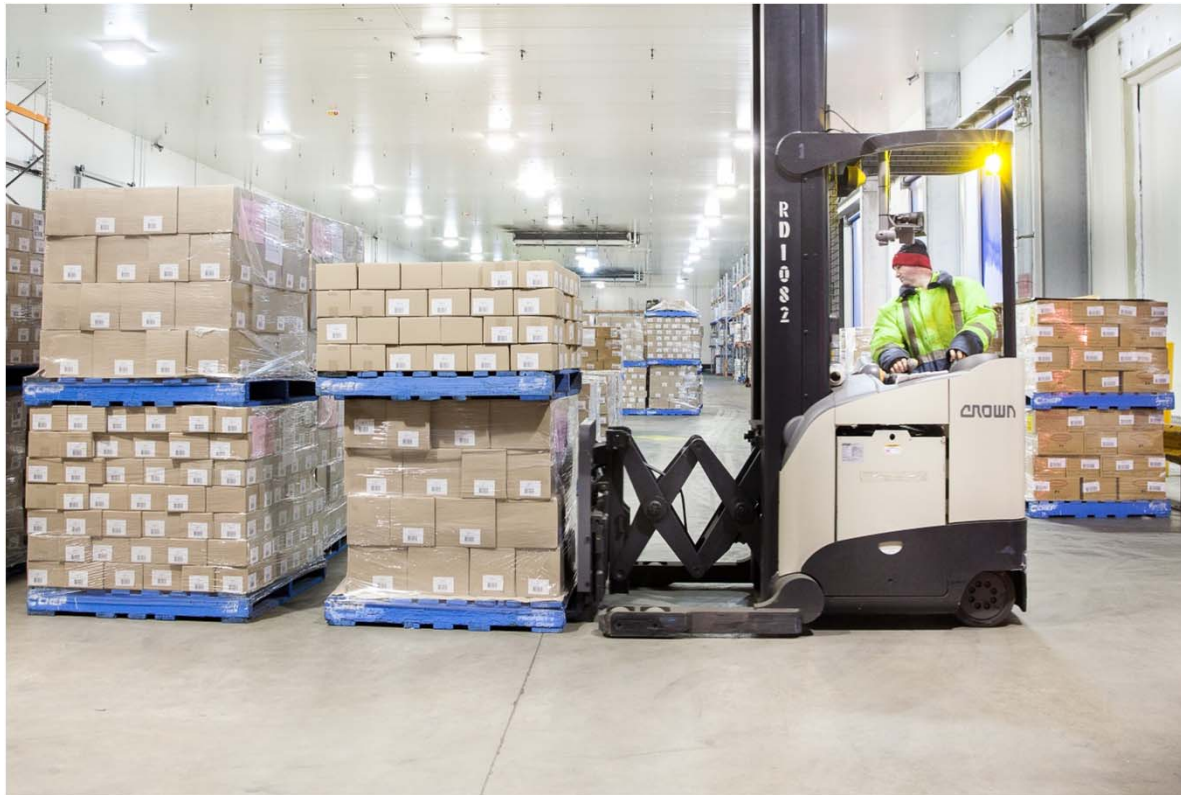
WA market tougher but AHG performing relatively well

YTD Sales Units Analysis History by State

NEW VEHICLE SALES UNITS	Dec CY15	Dec CY16	Dec '16 v Dec '15
NSW	380,858	397,563	4.4%
VIC	315,389	326,269	3.4%
QLD	235,674	233,026	-1.1%
WA	106,188	100,234	-5.6%
SA/TAS/ACT/NT	117,299	121,041	3.2%
Total	1,155,408	1,178,133	2.0%

YTD Sales Units Analysis History by Buyer Type

NEW VEHICLE SALES UNITS	Dec CY15	Dec CY16	Dec '16 v Dec '15
Private	606,770	571,544	-5.8%
Business	417,939	472,156	13.0%
Government	41,577	40,989	-1.4%
Rental	56,938	60,335	6.0%
Heavy Commercial	32,184	33,109	2.9%
Total	1,155,408	1,178,133	2.0%



Refrigerated Logistics

Refrigerated Logistics – Operating¹ Performance



Operating ¹ Performance	H1 FY2016 (\$m)	H1 FY2017 (\$m)	% change
Revenue	308.2	285.9	(7.2%)
EBITDA	27.0	18.0	(33.3%)
EBITDA %	8.8%	6.3%	
EBIT	16.6	6.3	(62.0%)
EBIT %	5.4%	2.2%	
Profit Before Tax	12.9	1.9	(85.0%)

- H1 FY2017 trending in line with plan
- Revenues continue to build from Jan 2016, albeit lower than PCP
- Margins reflect higher fixed cost base from recent investment in cold stores and equipment
- Minimal financial benefit from transformation program impacted H1



Refrigerated Logistics Commentary



- Transformation program on schedule - specific consulting costs treated as “unusual” given one-off nature
- Business now managed by single management structure across four trading brands
- Revenue build continues from Jan 2016 with new client wins and clear focus on client service
- Limited financial impact from transformation program in H1
- Technology platform now aligned to new operating model with planning underway for final testing and implementation
- Targeting stronger second half based on revenue growth and cost-out expectations



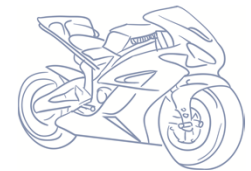
Refrigerated Logistics Transformation



Restructuring underway with Refrigerated Logistics target to return to low double-digit EBITDA margins in FY2018.
FY2017 run rate savings on track to be >\$20m.

Reorganise operations into a national RL business with a single network of RL assets

RESTRUCTURE OPERATIONS	<ul style="list-style-type: none"> • New operating model and organisation structure • 4 distinct transport segments (Fresh, Chilled, Frozen and General) • Standalone warehouse division with separate P&L • Single commercial structure aligned to customer needs and relationships
PRODUCTIVITY IMPROVEMENTS	<ul style="list-style-type: none"> • Operational efficiencies and productivity savings • Improved standardisation and automation • Eliminate duplicate functions and unnecessary activities • Consolidation of facilities
REVENUE GROWTH	<ul style="list-style-type: none"> • Management of national key account customers • Customer profitability analysis
TECHNOLOGY IMPROVEMENTS	<ul style="list-style-type: none"> • Automation to substantially reduce manual inputs • New transport management system will enhance network planning capabilities and fleet utilisation • Warehouse solution enabling standardisation and operational savings • Improved customer profitability and business intelligence capabilities



Other Logistics

Other Logistics – Operating¹ Performance



Operating ¹ Performance	1H FY2016 (\$m)	1H FY2017 (\$m)	% change
Revenue	180.9	143.8	(20.5%)
EBITDA	3.5	3.0	(14.3%)
EBITDA %	1.9%	2.1%	
EBIT	1.8	1.9	5.6%
EBIT %	1.0%	1.3%	
Profit Before Tax	0.7	1.7	133.9%

- Reduction in revenue reflects divestment of Covs
- PCP included restructure of WMC operations
- Margins improved
- Strong outperformance in KTM offsetting weaker truck parts market in AMCAP



Group Outlook



- Automotive market growth expected to continue
- WA Auto to remain challenging short-term, mitigated by strength in NSW, Victoria and NZ
- National roll-out of **easyauto123**
- Continued strategic investment in Automotive acquisitions and targeted Greenfield developments
- Significant improvement in Refrigerated Logistics targeted in H2
- Actively manage the portfolio of assets to drive shareholder value
- Expecting FY Operating¹ NPAT ahead of FY2016



Investment Summary



- Australasia's largest automotive retailer
- Automotive market growth expected to continue
- National roll-out of **easyauto123** warehouse model
- Continued participation in automotive market aggregation
- Refrigerated Logistics transformation





FY2017 H1 Results – Appendices

February 2017



Company overview



Founded 1952

**Largest Automotive
retailing group in
Australasia**

**> 8,000
Employees**

**182 motor vehicle
franchises at 109
dealership locations**

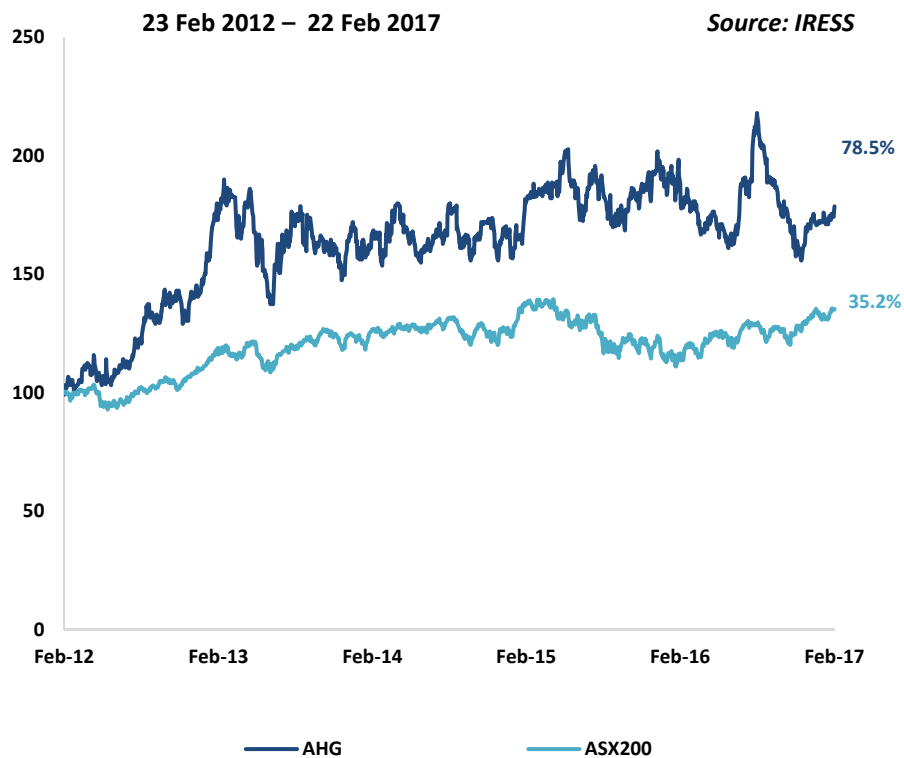
Significant national
logistics capability
across automotive
parts and refrigerated
transport

**FY2016 Group
Revenue of \$5.6bn**

Shareholder returns



Share Price Performance – Five years to 23 February 2017



	22 Feb 2017	AHG	ASX 200
Share price		\$4.07	5,805.10
1-Yr TSR*		0.1%	21.3%
3-Yr TSR*		25.6%	22.2%
5-Yr TSR*		135.7%	69.2%

*Includes capital growth and reinvestment of dividends

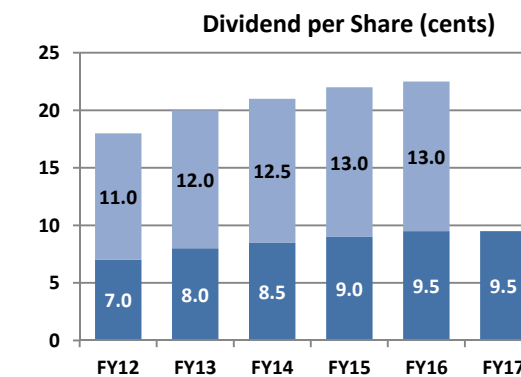
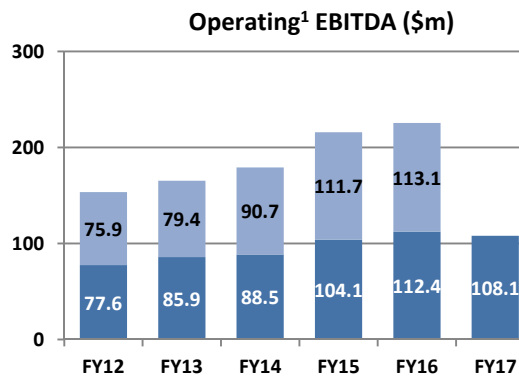
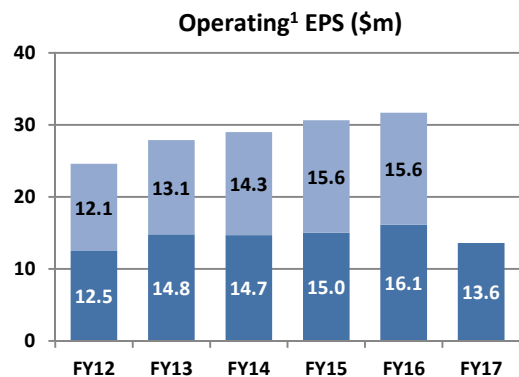
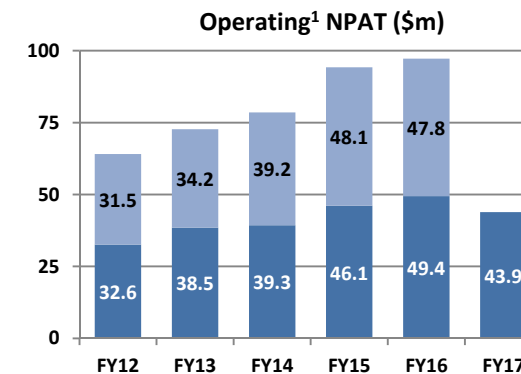
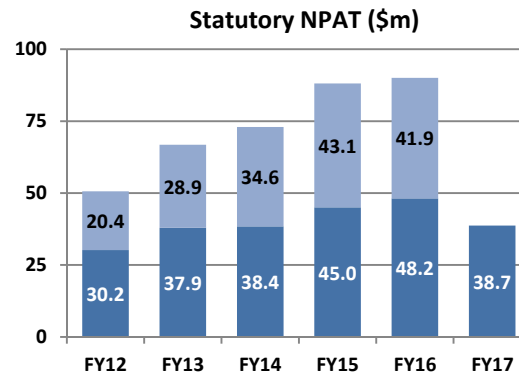
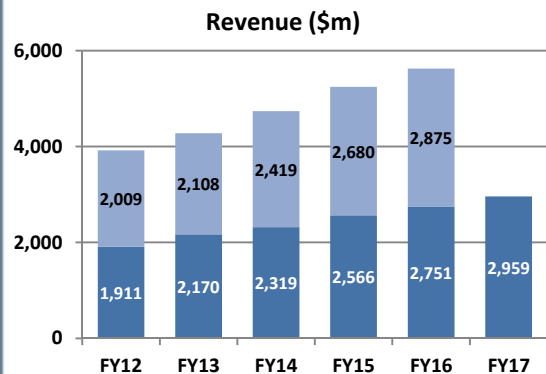
Market Snapshot (22 Feb 2017)

Ticker	ASX : AHG
Share Price (22 Feb 2017)	\$4.07
Shares on Issue	331,623,014
Market Capitalisation	\$1.35 billion

Performance history



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Operating¹ – excludes revenue, costs and fees in relation to integration and acquisition-related activities, CEO-MD transition, profit/loss on sale of assets and operations, and asset impairment.



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