

10 September 2010

AHG signs Heads of Agreement to acquire Melbourne Toyota dealership – gains strategic footprint in Melbourne passenger vehicle market

Automotive Holdings Group Limited (ASX: AHE), Australia's largest automotive retailer, is pleased to announce it has entered into a Heads of Agreement to acquire the Graham Werner Toyota dealership located 30km from the Melbourne CBD at Ferntree Gully.

The acquisition will provide AHG with an important footprint in the Melbourne automotive passenger vehicle market, a key target for the Company. AHG also operates the Prestige Hino truck dealership in Dandenong, a short distance from Ferntree Gully.

AHG will pay approximately \$12 million to acquire the dealership and net assets. The acquisition will be funded by AHG's cash reserves and will be earnings accretive from day one. Settlement is anticipated for 30 September 2010.

AHG Managing Director Bronte Howson said the proposed acquisition enables AHG to increase its exposure to the Toyota brand.

"Toyota is currently Australia's number one selling automotive franchise in Australia with approximately 21 per cent market share nationally," said Mr Howson.

"This is a large, quality Toyota dealership with annual turnover of more than \$80 million and has recently undergone a major refurbishment. We see a great opportunity to drive sales and grow the business.

"This allows AHG to continue to build on its existing long term relationship with Toyota and we will use our brand knowledge, coupled with the strong customer base, to add value to both the dealership and the Group."

Mr Howson said it will be appointing experienced AHG dealer principal, Mr Mark McDonnell, to manage the business from the settlement date.

AHG official dealer for Higer buses – one of the world's largest global bus manufacturers

AHG was recently appointed official dealer in Victoria, Western Australia and Northern Territory to sell and service the Higer range of buses and coaches.

Higer was last year the third largest global manufacturer of buses and coaches, producing more than 19,000 buses per annum at its large modern manufacturing plant in Suzhou Industrial Park near Shanghai.

AHG Managing Director Bronte Howson said Higer buses are relatively new to the Australian market, but they are competitively priced and boast quality components.

“We are excited about taking on the Higer franchise. The appointment dovetails nicely with our strategy of considering growth opportunities that add value for the Group.

“Given our strong industry experience and knowledge, and commitment to servicing and parts, we are confident this is a good fit for AHG,” said Mr Howson.

Jason Pecotic, CEO of White Motor Corporation, the exclusive importer of Higer buses in Australia, said signing Australia’s largest automotive dealer group would enable the company to take Higer to the next level.

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About AHG

Automotive Holdings Group Limited (ASX: AHE) 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 its major operations in Western Australia, New South Wales and Queensland. AHG also operates the Prestige Hino truck dealership in Dandenong, Victoria – one of the largest in the country.

AHG operates logistics businesses throughout Australia through subsidiaries Rand Transport (transport and cold storage), AMCAP (motor parts and industrial supplies distribution), VSE, providing vehicle storage and engineering, Genuine Truck Bodies, which provides body building services to the truck industry and KTM Sportmotorcycles (motorcycle importation and distribution in Australia and New Zealand).

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