



## Automotive Holdings Group Limited

Euroz Securities Rottneest Island Conference 2008

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## Group Snapshot

- Largest Automotive Retailing & Logistics Group in Australia
- 102 high profile passenger and commercial dealership franchise sites in Australia and New Zealand
- Represents 9 of the top 10 selling manufacturers in Australia (Top 10 sell 83% of all new vehicles<sup>1</sup>)
- Automotive retailing business model comprises multiple income streams:
  - sale of new and used vehicles
  - related finance, insurance, service and parts
- Logistics operations:
  - AMCAP Distribution Centre, Rand Transport, KTM Sportmotorcycles, VMoto Scooters, Vehicle Storage and Engineering

<sup>1</sup> Federal Chamber of Automotive Industry VFacts Report February 2008



## Group Highlights – HY 2008\*

- Net Profit after Tax of \$23.7m – up 110.2%
- Total Revenue of \$1.7bn – up 98.9%
- Interim dividend of 7.25 cents – up 45%
- Record sales in both automotive and logistics divisions
- HY08 delivers stronger than expected results assisted by integration of major acquisitions
- Continued revenue, profit growth from logistics division

\* Based on continuing business.



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## Group Performance – HY 2008\*

	31 Dec. 07 \$ million	31 Dec. 06 \$ million	% Increase
Revenue	1,703.1	856.1	99
EBITDA	55.8	26.9	108
EBITDA Margin	3.28%	3.13%	4.6
EBIT	49.3	23.3	112
NPBT	34.5	17.3	99
NPAT – attributable to shareholders	23.7	11.3	110
Basic EPS (cents per share) <i>(Shares on issue HY07 191.5m HY06 140m)</i>	12.4	8.0	54
Interest Cover	3.32	3.92	

\* Based on continuing business.



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## Automotive - Highlights

- Continued strong growth across all segments
- Growth in operating margins – EBITDA of 3.28% up from 3.13%
- Margins protected and increased through period of high growth and integration of Zupps and McGrath Lander operations
- Affirmation of AHG growth model
- Captured excellent synergy and scale benefits from new acquisitions
- 5 new greenfield sites in WA and Queensland to provide further growth into 2009



## Underlying strength in AHG markets Economic Concerns Addressed

- Debt Structure
  - New Vehicle Sales
  - Interest Rates
  - Fuel Prices
  - Employment
- ⇒ Customer Preferences



## Underlying strength in AHG markets

### Net Debt Position\*

	31.12.07	30.6.07
	<u>\$m</u>	<u>\$m</u>
Total Debt		
Current	351	424
Less, finance company loans (Floorplan)	<u>332</u>	<u>406</u>
	19	18
Less Cash	<u>(24)</u>	<u>(29)</u>
Net Current Cash Position (excl. Floorplan)	(5)	(11)
Non Current Debt	<u>73</u>	<u>69</u>
Net Position	<u>\$68</u>	<u>\$ 58</u>
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Movement in net cash position primarily as a result of movement in working capital (exclusive of inventories) and \$3m payable to the vendor of Zupps. Net of floorplan funding minimal short term debt.

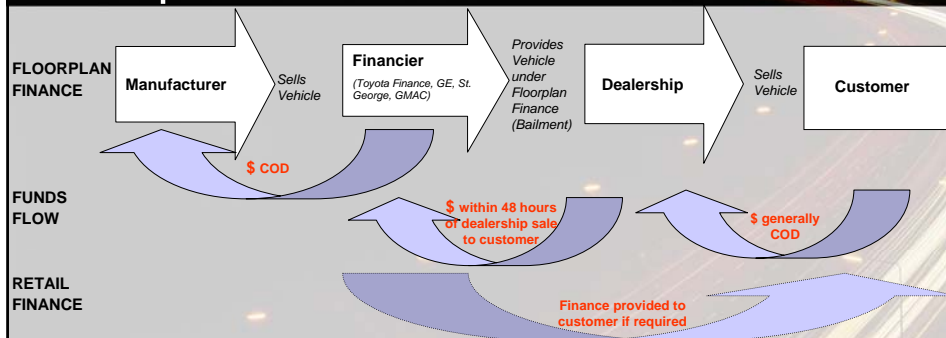
\* Excluding Finance Company Loans



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## Floorplan Finance



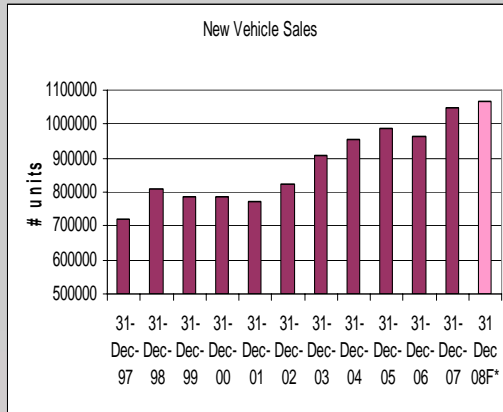
- Vehicle inventory financed by floorplan financing
- Floorplan lenders have interest in ensuring dealership not pressured by excessive interest rates with finance charged at small margin above 90 day bank bill swap rate so as to participate in retail paper written.
- Floorplan repaid within 48 hours of sale of vehicle to customer
- Stock turn 8 x pa/45 day supply – constantly refreshing facility



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## Underlying strength in AHG markets – New Vehicle Sales



Record new vehicle sales in calendar year 2007. Industry forecast similar volume for 2008.

\* Source: Economics @ANZ



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## Underlying strength in AHG markets – New Vehicle Sales

	2008 CYTD	2007 CYTD	Variance (%)
New South Wales	53,665	50,063	7.2
Queensland	35,886	34,998	2.5
Western Australia	19,602	18,554	5.6
AUSTRALIA	172,168	160,676	7.2

Strong start to new vehicle sales for calendar year 2008 on the back of record new vehicle sales in 2007

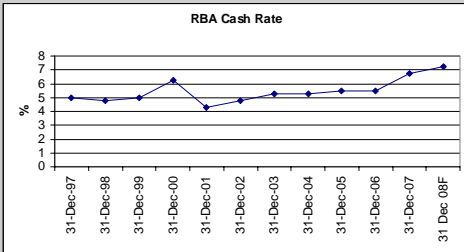
Source - Federal Chamber of Automotive Industry VFACTS Report February 2008



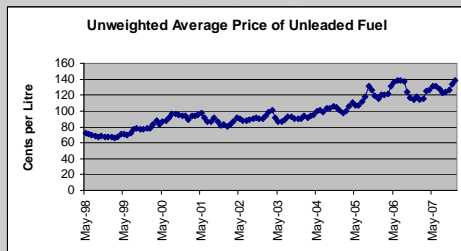
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# Underlying strength in AHG markets



Source: RBA.gov.au

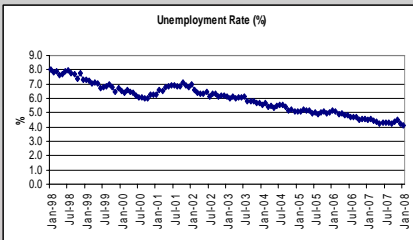
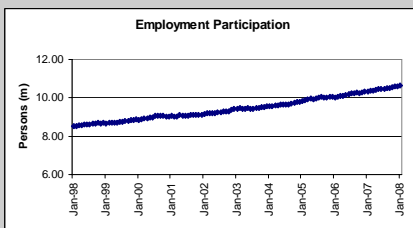


Source: AON Martec

Car sales have continued to rise through period of rising interest rates and rising fuel prices



# Underlying strength in AHG markets

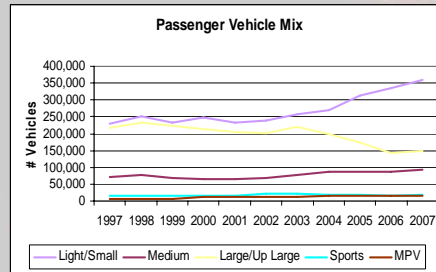
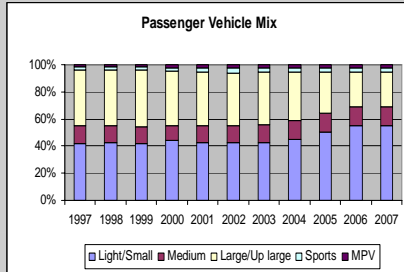


Source: AON Martec

Record levels of employment/ low unemployment have kept consumer demand at high levels



# Customer Preferences



## Passenger/SUV/Light Commercial Vehicle Sales by Buyer Type

	Dec 2007	Dec 2006	% Change
Private	498,748	455,860	9.4
Business	381,010	344,939	10.4
Gov't	74,523	78,430	(5.0)
Rental	58,470	51,803	12.9
<b>TOTAL</b>	<b>1,012,751</b>	<b>931,032</b>	<b>8.8</b>

Source: AON Martec Salesvoice January 2008 – Number 1

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# AHG has the mix of vehicles to satisfy changing consumer preferences

Manufacturer	% National Market share <sup>1</sup>	AHG number of franchises <sup>2</sup>					
		Total	WA	NSW	QLD	VIC	NZ
1. Toyota	22.4%	4	3	1	-	-	-
2. Holden	13.1%	9	2	3	4	-	-
3. Ford	9.9%	8	5	-	-	-	3
4. Mazda	8.2%	6	-	2	-	-	4
5. Honda	6.3%	-	-	-	-	-	-
6. Mitsubishi	6.1%	11	3	2	6	-	-
7. Nissan	5.8%	7	4	2	1	-	-
8. Hyundai	4.2%	4	3	-	1	-	-
9. Subaru	4.3%	6	2	1	3	-	-
10. VW	3.1%	3	1	2	-	-	-
<b>Sub Total</b>		<b>58</b>	<b>23</b>	<b>13</b>	<b>15</b>	<b>-</b>	<b>7</b>
<b>Other Vehicles</b>		<b>29</b>	<b>10</b>	<b>4</b>	<b>15</b>	<b>-</b>	<b>-</b>
<b>Other Trucks</b>		<b>15</b>	<b>8</b>	<b>-</b>	<b>6</b>	<b>1</b>	<b>-</b>
<b>TOTAL</b>		<b>102</b>	<b>41</b>	<b>17</b>	<b>36</b>	<b>1</b>	<b>7</b>

<sup>1</sup> VFacts ACT Report Federal Chamber of Auto Industries February 2007  
<sup>2</sup> Individual franchise agreements. Multiple franchises at many sites

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## Logistics - Highlights

- Continued revenue growth in all segments
- Growth in operating margins – at 5.84% from 5.15%
- Growing presence for Rand on Eastern seaboard
- Higher market share for AMCAP in parts sales
- Stable trading conditions for KTM
- Continued growth from a small base for VSE



## Vehicle Storage and Engineering

- Provider of vehicle storage and logistics
- Engineering division undertakes modification services including chassis modification, lazy axle, turntable and accessory fitment
- Additional 30,000m<sup>2</sup> leased at Dandenong Industrial Estate to expand these operations and provide storage for up to 650 trucks





## Vehicle Storage and Engineering



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## Growth Outlook

- Strong performance from existing operations in both automotive retailing and logistics
- Further synergies, scale benefits to be captured from Zupps, McGrath Lander operations
- Multiple acquisition opportunities
- Greenfield site opportunities being pursued by
  - leveraging relationships with major automotive manufacturers and
  - targeting markets with upward trends in underlying demand (ie areas with high economic and population growth), providing excellent growth opportunities with low entry costs and enhanced scale efficiencies and integration possibilities



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## Growth Outlook (Cont.)

- Expansion of AMCAP's warehouse will see immediate dividends in 2<sup>nd</sup> half of FY2008 with some significant increases in product line volumes
- Expansion of Rand Transport's market position along the eastern seaboard
- Growth in VSE business following additional land leased for storage and increased demand of body building.
- Continued strong performance for FY08 based on trading conditions for first two months of calendar year.



## Summary

- Record interim profit, with growth in all segments and divisions
- Buoyant market conditions indicate record second half
- Growth opportunities, organic and acquisitive
- Diversified group with multiple revenue streams and geographic spread.

