



24 August 2012

## AHG Delivers Record Operating<sup>1</sup> Profit

- Group revenue of \$3.92 billion (up 17.5% pcp)
- Record Operating<sup>1</sup> EBITDA of \$153.5 million (up 24.1% pcp)
- Increased Operating<sup>1</sup> EBITDA margin to 3.92% (up 3.71% pcp)
- Statutory NPAT of \$50.6 million (up 62.1% pcp)
- Impairment adjustment of \$9.7 million against specific Queensland dealerships
- Operating<sup>1</sup> NPAT of \$64.1 million (up 22.4% pcp)
- Operating<sup>1</sup> EPS of 24.6 cents (up 8.2% pcp)
- Final dividend of 11 cents per share; full year dividend 18 cents per share fully franked
- Successful acquisitions completed in FY2012 – Cova, Harris Transport, Daimler Trucks Perth and Wignall Group
- \$66.0 million automotive property trust announced (completed August 2012)

Automotive Holdings Group Limited (ASX: AHE), Australia's largest automotive retailer and specialised logistics group, announces a record Operating<sup>1</sup> EBITDA of \$153.5 million, up 24.1% on the previous corresponding period (pcp). The Operating<sup>1</sup> EBITDA margin of 3.92% was also an increase on the pcp with the Group delivering a record Operating<sup>1</sup> Net Profit After Tax (NPAT) of \$64.1 million, from revenue of \$3.92 billion.

Statutory NPAT was \$50.6 million after an impairment adjustment of \$9.7 million and acquisition-related costs of \$3.8 million (net of tax).

Operating<sup>1</sup> Earnings per Share were 24.7 cents (22.7 cents pcp) and the directors have declared a final dividend of 11 cents per share, bringing the full year dividend to 18 cents fully franked (17 cents pcp).

<sup>1</sup> Operating results exclude non-recurring items (FY2012: acquisition-related costs of \$3.8 million and impairment of \$9.7 million; FY2011: acquisition-related costs of \$1.3 million and impairment of \$19.9 million)

AHG Managing Director Bronte Howson said: “Both our Automotive and Logistics divisions delivered strong financial performances. This was driven by organic growth in our core businesses and successful acquisitions made during the year.

“We advised the market that FY2012 would be a year of consolidating the integration of the Covs and Harris acquisitions. I’m pleased to advise that Covs has delivered an Operating<sup>1</sup> EBIT of \$6.3 million (up from \$2.7 million pcp) and Harris an Operating<sup>1</sup> EBIT of \$7.1 million (up from \$4.1 million pcp) during the year. We expect further growth in FY2013 through continued focus on our integration strategies.

“This operating result combined with our strong financial position enables us to deliver a full year fully franked dividend of 18 cents and continue to assess growth opportunities that will deliver future value for shareholders.”

## **Automotive**

Revenue from the Automotive Retail division was up 9.7% to \$3.2 billion (\$2.9 billion pcp) while the Operating<sup>1</sup> EBITDA margin improved to 3.92% (3.71% pcp). This delivered an Operating<sup>1</sup> EBITDA of \$106.3 million (\$93.3 million pcp).

AHG experienced strong growth across both our Car and Truck operations with Western Australia, Victoria and New Zealand delivering record profits. It was pleasing to note the continued strong performance of New South Wales and the significant improvement in profit contribution from Queensland.

FY2013 will benefit from the full-year contribution of Daimler Trucks Perth (November 2011), Wignall Group (May 2012) and the recently announced acquisitions of Coffey Ford, Hino Trucks Newcastle and Daimler Trucks Newcastle and Queensland.

The non-cash impairment adjustment of \$9.7 million (as required under the accounting standards) was isolated to the Mount Gravatt group of dealerships. All other continued Queensland operations performed in line with the Group’s national performance levels. Of the total impairment, \$1.6 million related to the loss of the UD Nissan truck franchise due to the manufacturer restructuring its distribution model.

## **Logistics**

AHG’s Logistics division produced an outstanding result, increasing its contribution to earnings and benefiting from a number of significant acquisitions.

Revenue from Logistics rose 72.8% to \$712 million, while Operating<sup>1</sup> EBITDA rose by 59.7% to \$46.3 million.

Both the Covs and Harris transactions performed ahead of expectations at the time of acquisition, with the Harris business delivering a number of synergy benefits through operational rationalisation, increases in fleet utilization and integration into Rand.

Both AMCAP and KTM delivered record results off the back of strong demand for expanded product ranges and the strong Australian dollar.

The acquisition of Toll Refrigerated in July 2012 expands the scale and cold storage capacity of Rand. New cold storage facilities will be operational in Perth and Adelaide in FY2013, with plans for further expansion in Sydney and Brisbane.

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## Outlook

“AHG has strong momentum going into FY2013 in both Automotive and Logistics. With the motor industry forecasting record new vehicle sales, coupled with acquisitions completed in FY2012, and the opening of two new greenfield dealerships at Castle Hill and the commencement of a new greenfield hub in South Melbourne, the Automotive division will continue to deliver on its growth strategy,” Mr. Howson said.

“Our Logistics business continues to grow revenue and earnings through the strategic acquisitions in 2012 and 2013. The Rand business is continuing to benefit from the integration of Harris Transport and the acquisition of Toll Refrigerated. Cova and AMCAP are also expected to deliver further benefits through the IT integration and the completion of the new Distribution Centre facilities in October.”

Mr Howson said: “Across both Automotive and Logistics, AHG has considerable potential for growth, both organically and from the continued integration of our more recent acquisitions. Supported by our strong balance sheet, we remain confident that we can continue our track record of delivering profitable growth and solid shareholder returns in FY2013.”

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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 operations in Western Australia, New South Wales, Queensland and Victoria.

AHG's logistics businesses operate throughout Australia via subsidiaries Rand Transport and Harris Refrigerated Transport (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), and KTM Sportmotorcycles (motorcycle importation and distribution in Australia and New Zealand).

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