

**AUTOMOTIVE HOLDINGS GROUP LIMITED
2018 ANNUAL GENERAL MEETING
10.00 AM FRIDAY, 23RD NOVEMBER 2018
CHAIR'S ADDRESS**

SLIDE 2 Andrea Hall

Good morning and welcome to the 2018 Annual General Meeting of Automotive Holdings Group Limited.

I'd like to acknowledge the traditional owners of the land on which we are meeting, the Noongar people, and pay my respects to their elders, past, present and emerging.

My name is Andrea Hall and I am a member of the Board of Automotive Holdings Group and chair of the Audit and Risk Management Committee.

My fellow Directors have asked me to chair this meeting.

Shareholders will be aware that the Board is in the process of searching for a new Chair following the sad passing of our late chairman Robert McEniry. That search is taking some time but we are determined to find the right person for the role.

In terms of the usual housekeeping items, please switch your mobile phones to silent.

In the event of a fire or other event that necessitates evacuation of this area, the emergency exits are clearly marked.

If you have not already done so, please register your attendance at the service desk, just outside the door.

As a quorum is present and the meeting is validly constituted, I formally declare open the 2018 Annual General Meeting.

The minutes of the 2017 Annual General Meeting have been approved by the Board and have been tabled.

Any shareholder who wishes to view a copy of the minutes is welcome to do so and should see the Company Secretary after the meeting.

With me today are my fellow directors:

- John McConnell, Managing Director;
- Jane McKellar;
- Howard Critchley;
- John Groppoli; and
- Greg Duncan.

Also here today we have:

- AHG's Company Secretary, David Rowland;
- Our Chief Financial Officer, Adam Irving;
- Phillip Murdoch from our auditors, BDO;
- Stephen Cleary, the CEO of AHG Refrigerated Logistics;
- Simon Ramsay, the Executive General Manager of AHG Trucks;
- Craig Bigley, who was appointed in May as Executive General Manager of **easyauto123** (our dedicated used car business); and
- Jo Cairns, our new Chief Human Resources Officer.

I am particularly pleased to formally welcome Craig and Jo to the Company and to introduce them to their first AHG Annual General Meeting.

Tony Cramb is unable to be here today but was recently appointed Chief Operating Officer of AHG Franchised Automotive (our new car dealerships).

Tony worked with Toyota (Australia) for 30 years in a range of senior leadership roles including sales, marketing and operations. Most recently he was Toyota's Executive Director of Sales and Marketing responsible for leading their transformation through a period of unprecedented change as local manufacturing ceased.

He has a wealth of experience in the Automotive industry, with a track record of delivering exceptional commercial outcomes, leading business transformation and putting people and customers at the heart of the operations.

Craig joined us from Officeworks and is a recognised retail leader. He has a unique combination of experience across multi-channel retail and B2B sales, retail operations, and supply chain and retail distribution management.

Jo Cairns joined AHG in August from O'Brien Glass. She is an experienced executive with a record of delivering business results through great teams, aligned cultures and a performance focus.

Jo will be working closely with the managing director and the Board to drive our review of remuneration structures and alignment with shareholder expectations.

SLIDE 3 Today's Agenda

I will continue my address today by providing a brief overview of the company's performance in FY2018, and the strategy adopted by your Board, before handing over to John McConnell, who will provide more details of the Group's financial performance and comment on the company's key business units.

John will also offer some commentary on trading in the period since 30th June.

We will then turn our attention to the matters to be resolved at this meeting in the 'Formal Business' section, before closing the meeting.

Following that, the Directors would welcome the chance to answer any further questions from shareholders as we enjoy refreshments in the foyer.

SLIDE 4 FY2018 Review

It is fair to say the 2018 financial year was challenging for AHG, and the reasons behind that have been clearly articulated in the annual report.

It is also fair to say that we recognise the discomfort being felt by our shareholders, and we are responding.

We are not comfortable with where we are but we are confident in the future.

The key factors in the result were the headwinds faced across the Automotive sector, not just by AHG, from the decline in the new vehicle market and the regulatory intervention in the sale of finance and insurance products, and the unsolicited, and ultimately unsuccessful, bid by HNA to acquire AHG's Refrigerated Logistics business.

John will examine those issues in detail in his presentation but I can assure you that the Board remains confident that AHG is well placed to overcome those challenges.

Shareholders received a fully-franked full year dividend of 16.3 cents per share, compared with 19.0 cents for the previous year. The return to Shareholders reflects the Company's profit position and was consistent with AHG's dividend policy of paying 65 to 75 percent of operating profit.

Your Board is focused appropriately on capital management and cost control.

We are managing net debt in the context of the challenging operating environment. And through that process we are actively managing our working capital position, and reducing capital expenditure in FY2019 to circa \$30-million.

The Board acknowledges the remuneration structure across the Group can be improved to better align the interests of all stakeholders and that process has commenced. This review is referenced in the Annual Report.

SLIDE 5 Andrea Hall

The Board continues to monitor opportunities for the Company to leverage AHG's scale in franchised automotive dealerships and the investment in our used car operations.

In the Automotive space, we remain Australasia's largest motoring retailer and the largest "franchised automotive" dealer group.

That scale is important as we adapt to the changing retail environment and the growth of mobility service offerings and advances in electric and autonomous vehicles.

AHG is mindful of the myriad changes that are possible and we will leverage the relationships we have.

Whether it is electric vehicles, hydrogen fuel cell vehicles, ride-share vehicles or autonomous vehicles, manufacturers will need a distribution channel to deliver those vehicles and to maintain and repair them.

We are also adjusting to the regulatory changes to finance and insurance sales.

Many of our shareholders will be aware of the effects of responsible lending restrictions and reduced insurance product commissions.

The latest change came into effect on the first of November with the changes to what are known as flex commissions.

The cumulative effects of these changes have had a major impact on AHG, and all automotive dealerships, they have been appropriately aimed at benefitting consumers.

We believe there are opportunities to improve finance and insurance penetration to mitigate the impact moving forward.

There are new finance products developed by banks and by manufacturers. These are better for consumers, and better for dealership penetration.

Products such as Guaranteed Future Value finance and heavily subvented finance offered by manufacturers. These are products that are only available through dealerships.

SLIDE 6 Auto – dealerships, trucks and easyauto123

More broadly, we are transforming our automotive retail offering in line with customer preferences and expectations, both in our franchised dealerships in cooperation with the manufacturers, and in our **easyauto123** used car business.

The Board is particularly excited by the opportunities offered by the ongoing investment in the restructured **easyauto123** strategy under Craig Bigley. We have the prospect of creating a truly national used car operation, both physically and online, supported by our Carlins Auctions business.

Shareholders will be aware that the Company last year separated the Trucks business into a separate division under the leadership of Simon Ramsay and it has been pleasing to see the strong performance delivered under his leadership.

We see the strength of the market in heavy commercial vehicles as an encouraging lead indicator of the economy, particularly here in Western Australia.

SLIDE 7 Refrigerated Logistics

We are confident of improved returns from Refrigerated Logistics, where the management team has moved on from the disruption caused by the HNA bid and the simultaneous implementation of new ERP systems, Warehouse Management System and Transport Management System.

The business has transitioned from being substantially transaction-focused to a fully integrated service provider.

It is a strong and growing market leader in temperature-controlled transport and storage, where scale (again) offers enormous opportunity.

SLIDE 8 Title slide

The Board is aware of some stakeholder concerns with AHG's remuneration structure for the MD and the need for alignment to market and stakeholder outcomes. We also recognise that discretionary bonuses should not be granted other than in exceptional and appropriate circumstances. There is a substantial degree of alignment built into the current structure, especially with respect to the Financial STIs and LTIs.

However, we also recognise that the remuneration structure can be improved and the Board has commissioned a wholesale review of the AHG remuneration platform.

With that I will ask John McConnell to come to the microphone to give you some further details on the year in review and to provide a trading update and outlook for the remainder of the financial year.

**AUTOMOTIVE HOLDINGS GROUP LIMITED
2018 ANNUAL GENERAL MEETING
10.00 AM FRIDAY, 23RD NOVEMBER 2018
MANAGING DIRECTOR ADDRESS**

SLIDE 9 (JMcC)

Good morning and thank you Andrea.

As the Chair has told you, the reporting year was another challenging one, not just for AHG but across the automotive sector, as seen in the share prices of all of the listed players.

We were able to reduce some of our operating costs but, regrettably, we were unable to mitigate fully the challenges to our margins.

I believe that while the current financial year remains challenging, our future remains bright.

We are making progress by resetting the cost base of our Franchised Automotive business, investing in the future with **easyauto123** and beginning to derive the benefits from the restructure of the Refrigerated Logistics business.

SLIDE 10 FY2018 review

The new car market, particularly in private sector sales, was flat, and the WA market remained depressed with no recovery from the contraction that followed the end of the mining boom. The WA market in FY2018 was 24% down from its peak.

The impact of regulatory changes to finance and insurance sales has been felt by every dealership group, and by every dealership, in every Australian state and territory.

We were certainly not immune, but, as Australasia's largest motoring group, we are best placed to respond to, and embrace, the new F&I environment. Our scale here in WA also positions us favourably to benefit from the inevitable upturn in the state economy.

We have already witnessed a significant improvement in the truck market in WA and that tends to be an economic lead indicator.

The challenges over the course of the year also included the distraction brought about by the, ultimately terminated, offer from HNA to acquire our Refrigerated Logistics division.

The protracted sale process, coupled with the implementation of major IT systems, had a significant impact on Refrigerated Logistics and it is a credit to the management team, led by Stephen Cleary, that the business increased both revenue and EBITDA margins.

The Refrigerated Logistics division now has an IT platform that enables a single view of operations, fleet and our customers. This combined with the largest network of refrigerated

logistics assets in Australia gives us an opportunity to leverage this platform to drive earnings and deliver superior shareholder and customer value.

Stephen Cleary will give you some further details shortly.

As detailed in our annual report, the weakness of the Australian dollar against the Euro led to a reduction in the profitability of our KTM and Husqvarna operations.

The Group reported Operating NPAT for the full year of \$74.8 million (down 14.4% pcp), in line with the Company's trading update issued 14 May 2018.

SLIDE 11 Financial performance – key movements

During the year in review the Franchised Automotive division suffered a \$29 million reduction to F&I commissions. While not unexpected, this was a very significant hit to earnings, offset to an extent by cost reduction initiatives and a one-off insurance income of \$12 million.

The effects of reduced insurance products and commissions coupled with relatively tight consumer lending have been felt industry-wide, particularly across private vehicle sales.

Despite the challenging operating environment, we have continued to invest both organically and by acquisition where we see value and future opportunity.

AHG's Franchised Automotive business integrated the acquisitions of five new dealerships in the Hunter Motor Group in NSW, two dealerships at Essendon Fields in Melbourne and two dealerships at Manukau in Auckland's southern suburbs. The business also opened the Greenfield development of the new Essendon Jaguar Land Rover dealership.

We have continued to invest in the **easyauto123** business, which opened new fixed price used car warehouses at Brooklyn in Melbourne and at Hendra in Brisbane.

We incurred a \$7.4 million loss as we expanded the start-up and established the (now five) operating locations.

We remain excited by the opportunity in the heavily fragmented used car market to create a national brand, both physically and digitally, and drive returns.

Statutory NPAT was \$32.6 million, down 41.2% (pcp), primarily due to the lower segment Operating contributions and one-off costs associated with the closure of loss-making businesses, the write-down of IT systems assets, M&A costs and other non-recurring charges.

SLIDE 12 Team strength

An important element of our strategy has been strengthening the management team.

Jo Cairns joined us as Chief Human Resources Officer, bringing both functional and operational expertise from her previous roles, most recently at O'Brien Glass.

Craig Bigley joined us from Officeworks as head of **easyauto123**, and brings extensive omni-channel retail experience.

Tony Cramb, who unfortunately cannot be with us today, has been appointed Chief Operating Officer across our Franchised Automotive business.

Tony has a wealth of automotive experience having previously been the Director of Sales and Marketing at Toyota Motor Corporation Australia.

Equally important, and equally pleasing, was the internal promotion of Adam Irving to the role of Chief Financial Officer. Adam had previously served eight years as AHG's head of business development and knows the business, and the wider industry, extremely well.

SLIDE 13 Aust. new car market

Turning to the Automotive sector, and specifically to Franchised Automotive, which covers our new car and truck dealerships, there has been no shortage of reporting and commentary on the slowing of new car sales in Australia.

We continued to grow our new car and truck market share, to circa 6.7% in Australia and circa 3% in New Zealand, leaving room for further expansion in both markets as value-driven opportunities arise.

If you look at the total market, it has slowed slightly, and much of that has been as a result of the tighter lending conditions and the consumer sentiment around property prices.

But the industry is still in a relatively healthy position. The VFACTS forecast for the full year is 1.18-million new units; that is cars and trucks, which would see 2018 as the second highest total on record.

As we have said previously, the issue the industry faces, alongside the changes to finance and insurance, is margin compression, largely driven by some manufacturers.

An industry benchmark report by Deloitte (Mid-Year Market Snapshot, 10th August 2018) shows AHG continues to outperform the wider franchised dealership market in Australia across a range of key metrics, including Return on Sales, Total Gross Margin, Gross Per Unit (New) and F&I per Retail Unit.

In Western Australia we are still waiting for the market to turn, particularly among private buyers where our dealerships focus. There has been some steady growth in truck sales in WA as mining and energy projects are launched and we would expect the private market to follow that trend, albeit the timing remains uncertain given the other economic factors at play.

SLIDE 14 Franchised Automotive

We have taken costs out of the dealerships to meet the changing conditions and we expect to continue that process over the remainder of FY2019. We are also moving to more shared services across our dealerships and at corporate office.

It is about “right-sizing” the business so that, when the market rebounds, we are best-placed to take advantage of that uplift.

SLIDE 15 Finance & Insurance

Finance penetration and income per retail unit have fallen over the past 24 months, although both have now stabilised.

The gross effect of the reduced add-on insurance product commissions and responsible lending restrictions, including tightening of credit approvals and lower loan to value ratios, has been a reduction of some \$40-million in Franchised Automotive income over the past two years.

Along with other dealer groups, we have had around 50% turnover in Finance & Insurance Business Managers as remuneration models changed, however the churn has now slowed significantly.

SLIDE 16 Finance & Insurance Initiatives

The banning of flex finance commissions and the introduction of risk based pricing came into effect on the 1st of November.

We are working on a range of initiatives to improve finance income within the new environment.

We have stabilised the turnover of Business Managers and recruited new trainees as required.

We have procedures in place to improve product penetration and to control discounting on flex plans, and we have made the Business Managers more efficient with the introduction of new technology platforms.

We are also partnering with the finance companies to explore new products, while expanding the reach of existing under-utilised products, such as Guaranteed Future Value, which is widely accepted in other markets, including the USA and UK where penetration rates are around four in five retail sales for both new and used cars.

SLIDE 17 Finance & Insurance landscape

So, looking ahead, we see limited impact from risk based pricing and reverse flex although we are only three weeks into the new environment.

It will provide dealerships with greater opportunities to offer finance and insurance products that are not available through traditional finance providers

We also expect increased factory-driven low interest rate campaigns will drive the volume of dealer originated finance.

And it is worth repeating that the Guaranteed Future Value products that are widely used in overseas jurisdictions are only available through dealership intermediaries.

SLIDE 18 Strategic Initiatives

The adjustment to the new finance and insurance landscape is part of our broader automotive strategy, which in the franchised space is very strongly aligned with our manufacturers.

We are keenly aware that they demand excellence in customer service and customer satisfaction.

Together, we are leading the way in changing the customer experience, or as some prefer to call it, the guest experience. As a partner of choice for the manufacturers, we are working with them across a wide range of initiatives, from upgraded or wholly redeveloped showrooms through to innovative new locations.

There are two very recent examples of this in our Auckland dealerships.

Our North Harbour Mazda dealership has partnered with Mazda New Zealand to create a dedicated Mazda Connect retail store in the Silverdale shopping centre, where there are only one or two cars on the floor but customers, or guests, can experience the full range of Mazda vehicles in a purely digital environment, with touch screens and interactive displays.

The staff members can arrange immediate test drives, trade-in valuations and finance and insurance.

We have also recently opened The Ford Store by North Harbour Ford in partnership with Ford New Zealand.

The impressive 2,000 square metre showroom is a redeveloped furniture store.

The custom-built environment is the first Ford dealership in Australasia to introduce the Ford Guest Experience program. The new design features Ford's latest global retail standards.

We are collaborating with manufacturers to offer subscription-model vehicles in dealerships. The Maven program by General Motors is just one example.

We are also alive to the opportunities in the space now known as Mobility as a Service.

SLIDE 19 John McC

We have spoken about our investment in the used car business and I'd like to ask Craig Bigley to give you an update on the progress with **easyauto123**...

Craig Bigley to present

SLIDE 20 Craig B

Good morning.

The used car market in Australia is at least three times the size of the new car market by volume.

SLIDE 21 EA123 statistic bubbles

Deloitte estimates the total Australian motor vehicle sales market is in the order of \$110-billion per annum, with used vehicle sales through both car yards and private-to-private transactions accounting for \$67-billion of that total pie.

We believe we can seize the opportunity to become the used car brand that auto intenders think of when they consider purchasing.

AHG is best placed to realise that potential. And that is the primary reason that I decided to take up this opportunity.

SLIDE 22 EA123 AHG best placed

As part of the Group, we have the people, the systems, the processes and the access to stock and finance.

There are already some online retailers in the space, but none of them have the scale or geographical footprint to offer customers the choice of dealing online or in a retail location.

We are essentially the last industry of our type yet to be "big boxed".

Additionally, we work with AHG's Carlins Auctions to source and remarket fleet and wholesale vehicles.

SLIDE 23 EA123 Plan on a page

If you wanted to see what we offer on single page, it is the definition of our target customers, the way we serve those customers and the destination for the business, all driven by our people and processes.

We have repositioned the strategy to clearly articulate where we sit in the market.

SLIDE 24 EA123 repositioned strategy

Like Bunnings and Officeworks, we can offer a “best price” guarantee that is underpinned by centralised pricing analysis and a promise the price-match where appropriate.

We work closely with AHG’s Carlins Auctions business to source fleet and wholesale vehicles and offer fleet operators a one-stop remarketing service.

We will offer the biggest range of used vehicles Australia-wide and a complete range of service, parts and accessories. If it goes in, on, under or attaches to a car, we’ll provide it for our target customers.

We have five big-box locations at the present time, having invested circa \$7-million in FY2018 in the start-up sites.

Our learnings from the early days of the business have informed our restructuring strategy and we are targeting to reach break-even in the final quarter of the current financial year.

Beyond that, I am confident that great opportunities lie ahead for this business.

SLIDE 25 Holding slide

Thank you Craig.

Ladies and gentlemen, as I said earlier, the challenges over the course of FY2018 included the distraction brought about by the, ultimately terminated, offer from HNA to acquire our Refrigerated Logistics division.

The protracted sale process, coupled with the implementation of major IT systems, had a significant impact on Refrigerated Logistics and it is a credit to the management team, led by Stephen Cleary, that the business increased both revenue and EBITDA margins.

I’d like to ask Stephen to reflect on that time and give you an update on the business.

SLIDE 26 Stephen Cleary

Stephen Cleary to present

Thanks John.

Good morning.

SLIDE 27 RL evolution

As most of you probably know, AHG Refrigerated Logistics was formed by the consolidation of four businesses, after AHG acquired Scott’s and JAT in 2014.

The original Rand business had expanded in 2011 with the acquisition of Harris Refrigerated and again in 2012 when AHG acquired some of the refrigerated business of Toll.

SLIDE 28 AHG RL

Today we operate from more than 20 sites across Australia, including 10 major combined transport and warehouse depots and several other warehouse-only facilities and regional depots.

The fleet comprises 600 prime movers and rigid trucks; approximately 1260 trailers and 500 rail containers.

Our core activity in the supply chain is transport of frozen and chilled foodstuffs from manufacturers and growers to the distribution centres of the major retail supermarket chains.

SLIDE 29 AHG RL transformed

The transformation program has run across the past two trading years, to deliver a single management structure, significant cost reductions and industry-leading systems and processes.

- Headcount reduction through consolidation and efficiencies (192 reduction across FY18)
- Site consolidation in major cities
- National customer and business development focus
- Improved use of company fleet with more efficient use of the supporting subcontractor and rail networks
- Implementation of single warehouse management system (Accellos)
- Recent implementation of single transport management system (CapCargo, 30 April 2018)

Operationally the benefits from implementation of the new single transport management system platform are evident and generating value:

- Company-wide visibility of all transport movements - previously contained in three separate systems
- Standardised and improved process for customer order entry
- Delivery confirmation data available to customers faster from single source
- Improved efficiencies in planning pick-up and delivery work within major cities
- Cross utilisation of staff and fleet between sites

SLIDE 30 AHG RL today

The integration and transformation programs have created a robust business well positioned for growth.

We have a very strong, business-wide safety culture across Workplace Health, Safety and Environment, and industry-leading compliance with Chain of Responsibility obligations.

- New single WMS and TMS both in place from start of current financial year
- The distractions associated with the HNA purchase are no longer present
- Commercial activity is strong:
 - Good produce volumes in Queensland and SA
 - Solid commercial pipeline
 - Continuing demand for warehouse storage
- Looking at further medium transformational opportunities
 - Second phase of site consolidation as leases expire
- Financial outlook remains in line with current expectation

Over recent years, the business has operated at EBITDA margins around 6%.

This is a better business than that. Management is targeting a return to the high single digits in the medium term and we are confident in that aim.

Thank you.

SLIDE 31 JMCC

Thanks Stephen.

SLIDE 32 Trading update

As we mentioned in our trading update released this morning, trading in the first four months of FY2019 has been slightly lower than anticipated but we anticipate a stronger result in H2.

Automotive retail trading has been impacted by a number of factors, including the downturn in Sydney and Melbourne property prices and depressed conditions in the WA market.

Private buyer demand was soft in the four months to the end of October.

Consumer confidence has been affected by the property market in NSW and Victoria and we are yet to see the rebound expected in Western Australia. It has been a lot slower than expected and, while we have seen encouraging signs of recovery, it has yet to flow into increased sales.

Operating EBITA at Group level for the four months was \$54.1 million. Operating NPAT was \$11.7 million.

Looking ahead, we continued to reposition the cost base of the Automotive business in light of the market conditions.

The Company expects the **easyauto123** used car business to break even in Q4 of FY2019 after a significant investment phase over the past two years, which will also support a stronger second half result.

The Refrigerated Logistics division is performing well and is reporting a strong business development pipeline.

Our forecast for full-year Operating NPAT is in the range \$56-million to \$59-million.

I'd like to stress to shareholders that we remain confident of the Company's prospects.

The Group remains well positioned to benefit from the inevitable upturn in the Western Australian economy.

Our early indication from the change to flex commissions that came into effect on 1st November is that it is not expected to have any major impact on earnings, and longer term we see upside for dealerships.

We see opportunities for further aggregation in the automotive sector, upside for both Refrigerated Logistics and **easyauto123**, and ongoing benefit from our cost reduction initiatives.

And, as I mentioned earlier, we remain alive to leveraging our scale position and our relationships in the automotive sector to take advantage of opportunities as the retail environment changes and opportunities arise in mobility solutions.

This is a major automotive and logistics company. The foundations are strong. The Board and management are committed.

Thank you for your support of AHG.



2018 ANNUAL GENERAL MEETING
Perth | Friday 23 November 2018

Welcome



2

Andrea Hall

Meeting Chair

Today's Agenda



- Chair's Address
- Managing Director's Presentation
- Formal Business
- Close
- Refreshments

FY2018 Result



Consolidated Financial Performance	FY2017 (\$m)	FY2018 (\$m)	% change
Operating¹ Performance			
Revenue	6,106.1	6,474.1	6.0%
EBITDA	216.0	208.0	(3.7%)
EBITDA %	3.5%	3.2%	
EBIT	169.0	155.5	(8.0%)
EBIT %	2.8%	2.4%	
Operating Net Profit after Tax	87.3	74.8	(14.4%)
Earnings Per Share (cps)	26.7	22.5	(18.7%)
Interest Cover (times)	4.3	3.6	
Statutory IFRS Performance			
Unusual items	(31.8)	(42.2)	
Statutory Net Profit after Tax	55.5	32.6	(41.2%)
Earnings Per Share (cps)	17.0	9.8	(42.4%)

Key factors:

- Automotive sector headwinds
- HNA bid for AHG RL

FY dividend 16.3 cents (fully franked)

Board focus on capital management and cost control

Operating¹ – excludes unusual items

Welcome



Andrea Hall

Meeting Chair

Automotive



Transforming the retail offering in new and used cars
 Customer-focused innovation in franchised locations
 Used car opportunities
 Strong performance in Trucks



Refrigerated Logistics



Confident of improved returns

Management freed from the HNA distraction

Business transformed

Strong and growing market leader

Scale offers opportunity



Andrea Hall

Meeting Chair



John McConnell

Managing Director

The Year in Review



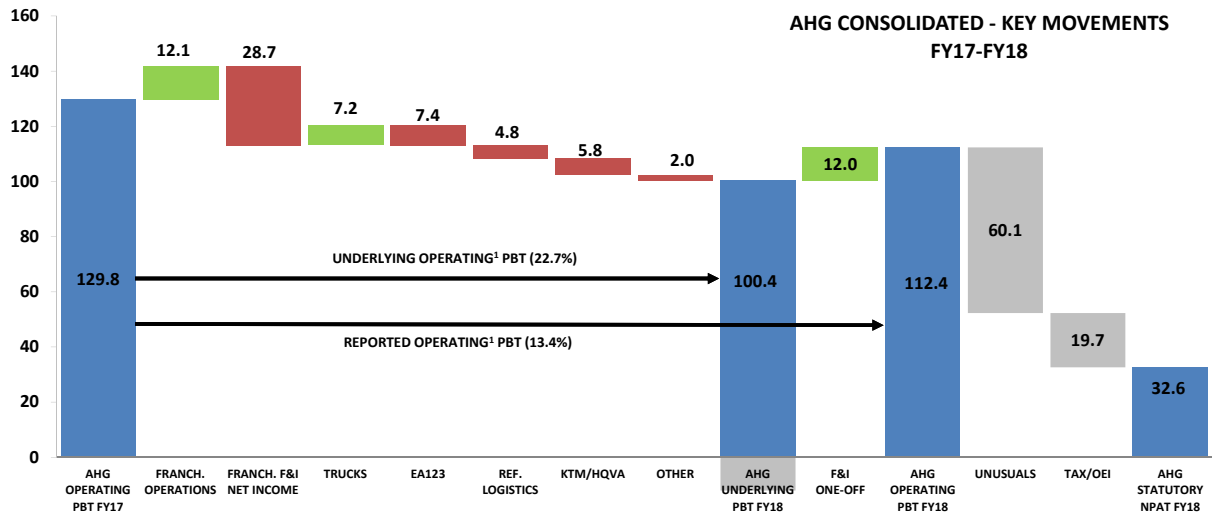
Continuing
Operating¹ NPAT
of \$74.8m, down
14.4% on PCP in line
with May trading
update

- Record revenue of \$6.5 billion on Automotive market share growth, Trucks performance and **easyauto123** expansion
- Resilient Automotive result in a challenging market
- AHG outperforms broader Automotive market* despite industry headwinds
- Automotive EBIT down 3.7% despite F&I impact of \$29m partially offset by \$12m one-off gain
- Volumes strong but Automotive margin compression also driven by manufacturers and softening consumer demand
- Progress made against strategic objectives in Automotive
- WA private buyer market remains down but offers major upside
- Refrigerated Logistics impacted by HNA sale process and IT system implementation
- Other Logistics impacted by adverse FX on KTM/Husqvarna

Operating¹ – excludes unusual items as disclosed on slide 8 in this presentation.

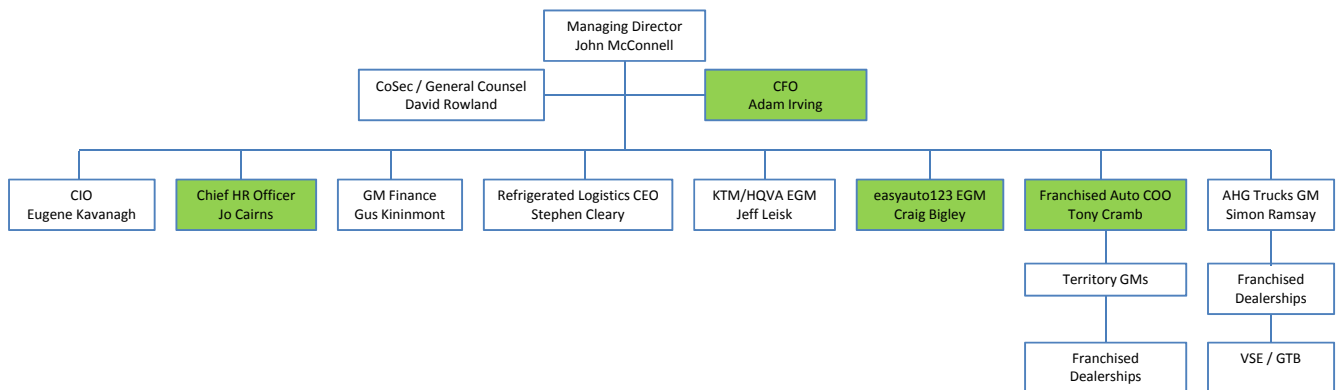
*Deloitte market report – August 2018

Financial Performance – Key Movements



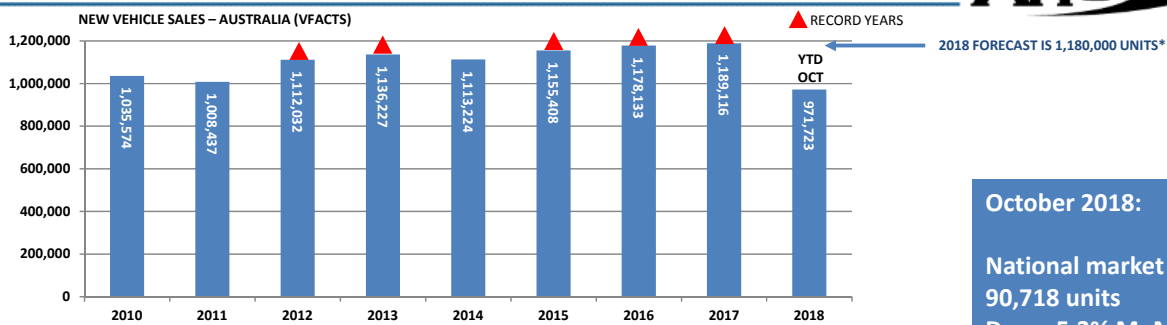
Operating¹ – excludes unusual items.

Executive Management Strength



Appointed CY2018

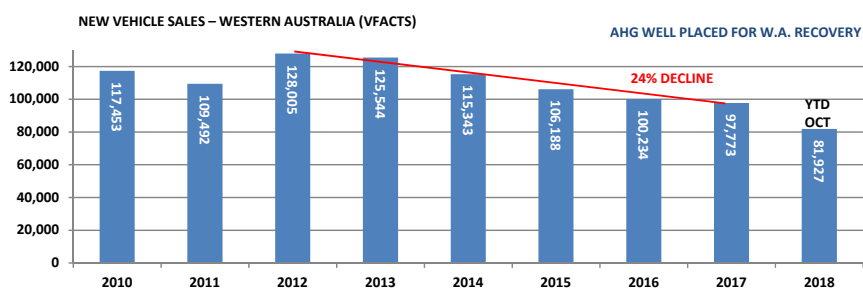
Australian New Car Market Data



October 2018:

National market
90,718 units
Down 5.3% MoM
Down 1.3% YoY

WA market
8,318 units
Down 1.7% MoM
Up 1.0% YoY



*AUTOTEAM AUSTRALIA CONSULTING

Franchised Automotive



- Cost reduction process to continue
 - Overall staffing and productivity
 - Marketing effectiveness
 - Reduced inventory
 - Property costs
- Increased shared services



Finance and Insurance



Financial Year	F&I Penetration Retail cars – new and used	Change in Gross F&I Income
FY 2016	36.4%	
FY 2017	33.5%	-\$11 million
FY 2018	34.3%	- \$29 million
		-\$40 million

Change in income
per retail unit



-\$521 per retail unit



Part of Australia's Largest Motoring Group



Finance and Insurance initiatives



- Stabilised BM turnover
- Improved product penetration
- New technology platforms
- Exploring new products and expanding Guaranteed Future Value offering
- GFV acceptance in USA and UK markets



Part of Australia's Largest Motoring Group



Finance and Insurance landscape



- Increased opportunities
- Factory campaigns will drive volumes
- New technology platforms
- GFV only available through dealerships



Strategic Initiatives



- Customer experience focus
- Partner of choice for manufacturers
- New sales environments
- Further develop used car and auction network
- Identify adjacent opportunities
- Mobility as a Service opportunities





John McConnell

Managing Director



Craig Bigley

Executive General Manager | **easyauto123**

The used car opportunity in Australia is significant with the potential for our brand to capture the market

\$110 billion
per annum
total new and
used vehicle
market

used cars
3.0 to 3.5 x
the size of the
new vehicle
market

~\$67 billion
total used
vehicle market

~\$39 billion
P2P
market

easyauto123

Sources: Deloitte, VFACTS (2018 industry reports)

The market is as yet undisrupted and AHG is best placed in the industry to realise this potential ²²

Last industry in Australia not to be 'big-boxed':

- Officeworks – stationery
- Bunnings – hardware
- Rebel – sports

The vertical is prime for disruption:

- There are some 'pureplay' online car retailers but none currently with the size and footprint to provide customers with the choice of online or retail experience
- Changing consumer behaviour and the democratisation of data requires a new breed of car retailer

Harnessing the synergies of being part of the AHG network, the largest used car retailer in Australasia:

- Access to people, systems, process
- Access to stock
- Access to finance
- Collaboration with Carlins Auctions as national remarketing platform

easyauto123

We've defined our purpose to drive our people culture

The easyauto123 Plan on a Page

Who we serve
Our target customers



How we do it
The easyauto123 engine



Our purpose
Why we do it and what we become as a result



Supported by the best 123ers

We've repositioned our strategy to crystallise our market position

Best Price

- Fixed-price position at the **right** price
- Best price position underpinned by the Best Car Price Guarantee™ launched November 2018



- Fixed price service menu for easyauto123 Service & Tyre launched November 2018 to make pricing transparent and easy for customers
- Leverage economies of scale to pass on benefits to customer
- Centralised pricing support and enable our best price position

Biggest Range

- Widest range of cars for our target customers, Australia-wide
- Widest range of 'everything car' – anything that goes in, on, under or attaches to a car for our target customers



Service - We Make It Easy

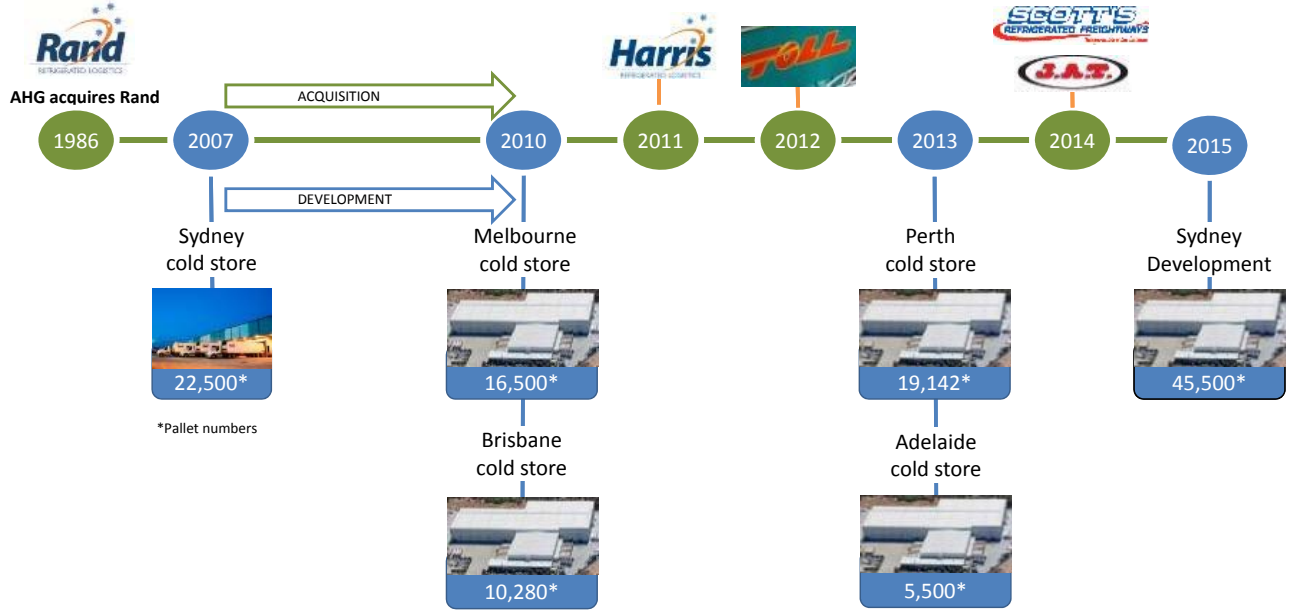
- Omni-channel investment planned to make it easy for customers to engage with **easyauto123** – at home, at work, online, at the warehouse
- Simplification and digitisation of customer processes to make it easy
 - Reduce time
 - Reduce complexity
 - Increase control
- Convenience and savings of 'one-stop-shop' for everything car
- Buy anywhere, delivery anywhere



Stephen Cleary

CEO | AHG Refrigerated Logistics

The Evolution



AHG RL



- 20+ sites across Australia
- ~600 prime movers and rigid trucks
- ~1,260 refrigerated trailers
- ~500 refrigerated rail cars

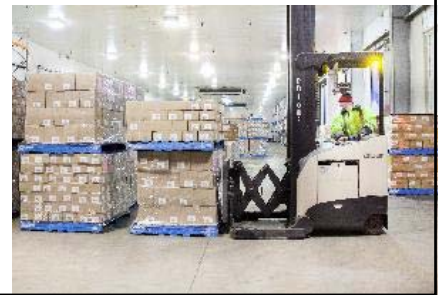


AHG RL transformed

29



- Single management structure
- Significant cost reductions
- Industry-leading systems and processes
- Customer service enhanced
- Operational benefits from single WMS and TMS



AHG RL today

30



- Market leading business
- Strong focus on WHSE and Chain of Responsibility
- Well positioned for growth
- Strong pipeline of new business opportunities
- Focus on margin improvement





John McConnell

Managing Director

Trading update



Operating ¹ EBITDA - Unaudited	FY2018 Jul-Oct (\$m)	FY2019 Jul-Oct (\$m)	% change
CONSOLIDATED GROUP	63.3	54.1	(14.5%)
Automotive	50.9	42.7	(16.1%)
Refrigerated Logistics	10.8	11.4	5.6%
Other Logistics	2.7	0.5	(81.5%)
Property	(1.1)	(0.5)	54.4%
Depreciation and Amortisation	(17.1)	(18.0)	(5.3%)
Group Interest	(14.4)	(17.4)	(20.8%)
Operating¹ NPAT attributable to shareholders	21.3	11.7	(45.1%)

Outlook

- Automotive business costs repositioned
- **easyauto123** supports stronger H2
- Refrigerated Logistics delivering improved performance

**FY2019
Operating¹ NPAT forecast
\$56m to \$59m**

Operating¹ – excludes unusual items



John McConnell

Managing Director



2018 ANNUAL GENERAL MEETING

Perth | Friday 23 November 2018