



# **Automotive Holdings Group Limited**

**31 December 2007 Half Year Results**

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Managing Director  
February 2008

# Group Highlights\*

- 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.



# Group Performance\*

	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.

# Segment Review\*

	31 Dec. 07 \$ million	31 Dec. 06 \$ million	% Increase
<b>Automotive</b>			
Revenue	1,519	733.6	107
EBITDA	45.1	20.5	120
EBITDA Margin	2.97%	2.80%	6.6
<b>Logistics</b>			
Revenue	184.1	122.4	50
EBITDA	10.7	6.3	70
EBITDA Margin	5.84%	5.15%	13.4

\* Based on continuing business.





# Cashflow from operating activities

Continued disciplined asset management and seasonality have contributed to the decrease in inventories. We anticipate increased inventory levels at June 2008.

	<u>\$'000</u>
Profit for the period (before minority interests)	23,851
Decrease in inventories	53,568
Depreciation	6,515
Other	<u>3,002</u>
Net operating cashflows	86,936
	=====



# Net Debt Position\*

	31.12.07 <u>\$m</u>	30.6.07 <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	\$68	\$ 58
	===	===

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



# 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
- 4 new greenfield sites in WA and Queensland to provide further growth into 2009





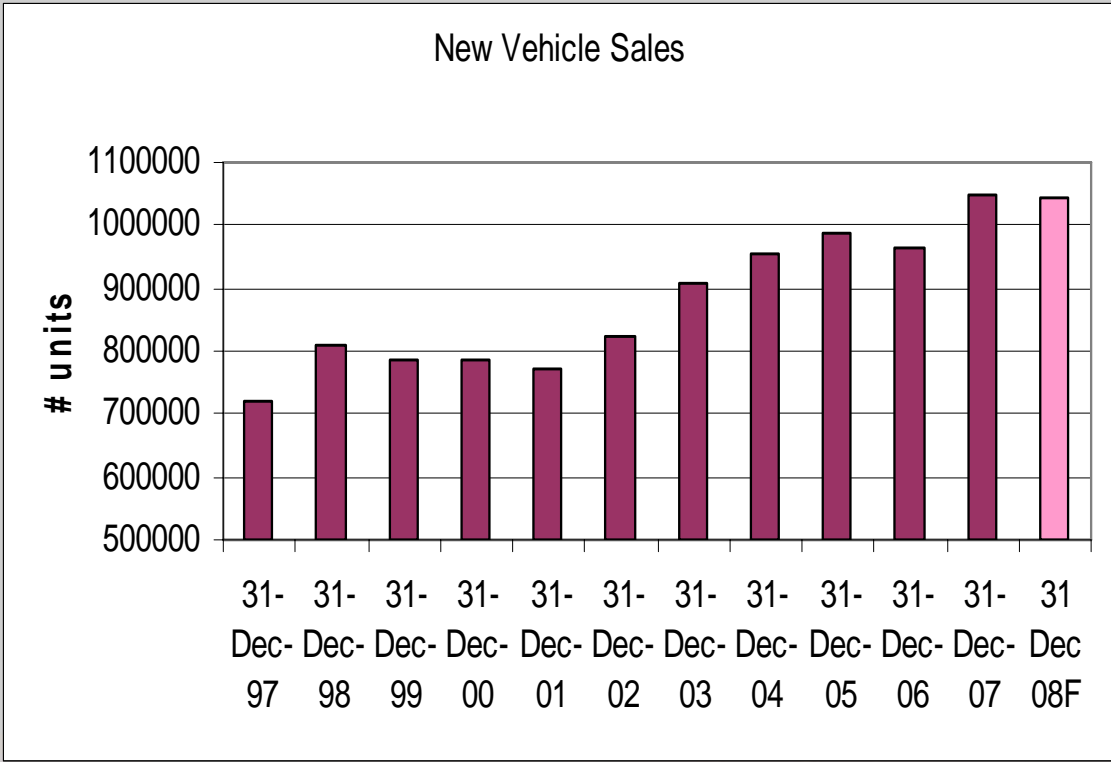
# Underlying strength in AHG markets

- Overall levels of motor vehicle affordability have improved
- Changes in consumer sentiment targeting vehicle types
- AHG positioned well with geographic diversity and product range to suit all consumer choices
- Strategic importance of geographical areas of dealership representation





# Underlying strength in AHG markets

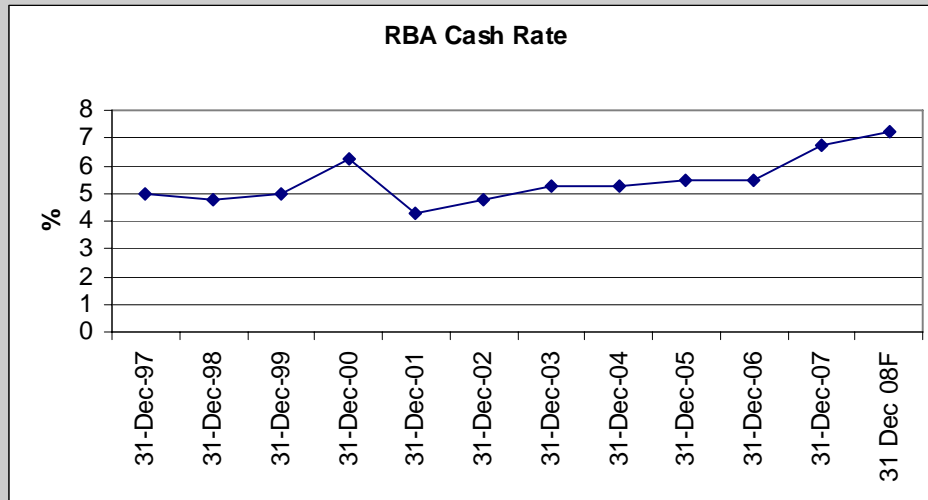


Record new vehicle sales in calendar year 2007. Industry forecast similar volume for 2008.

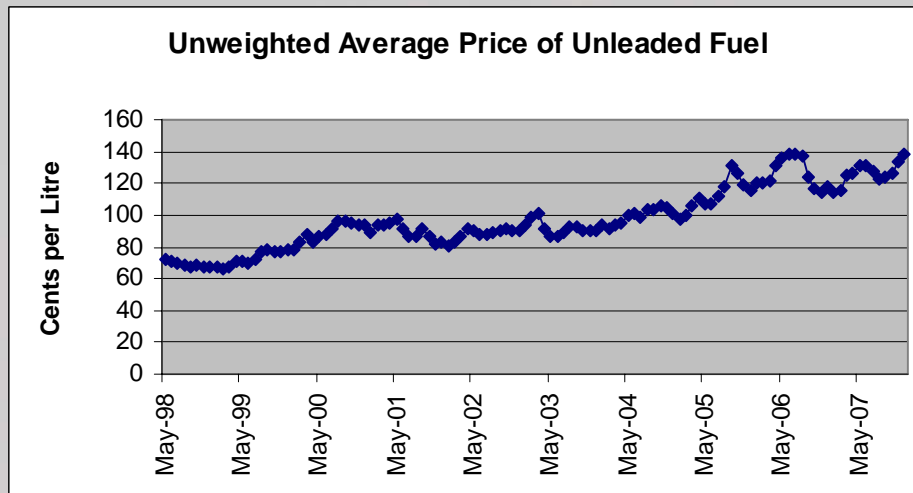
Source: AON Martec



# Underlying strength in AHG markets



Source: [RBA.gov.au](http://RBA.gov.au)

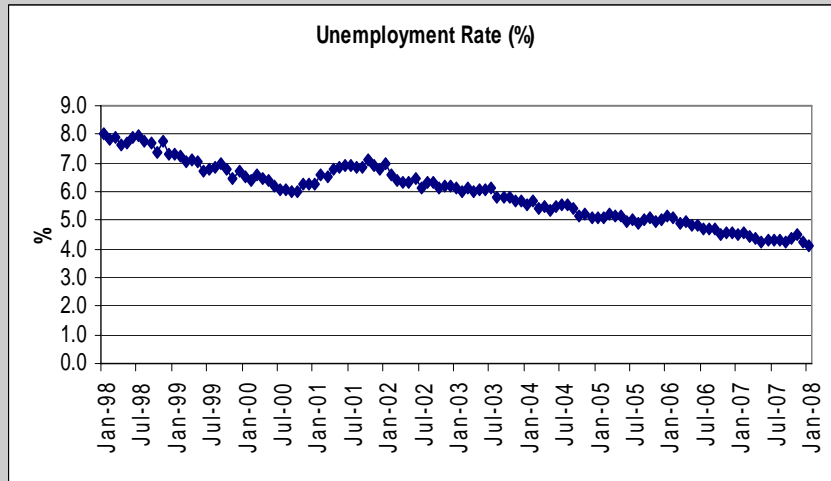


Source: [AON Martec](http://AON Martec)

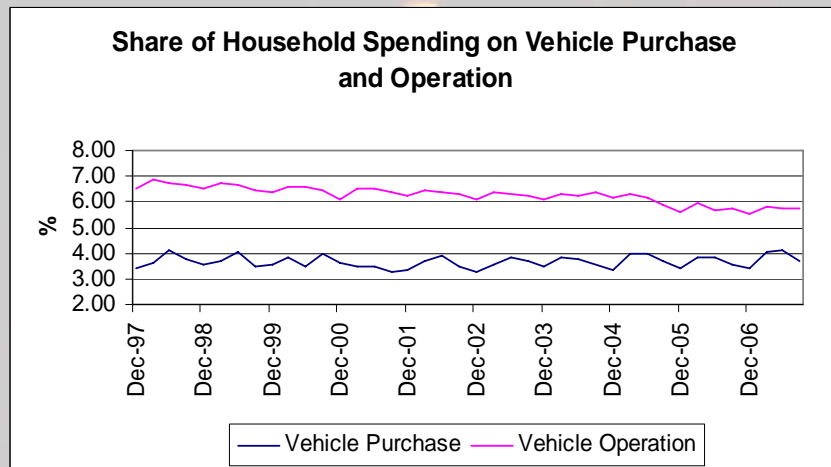
Car sales have continued to rise through period of rising interest rates and rising fuel prices



# Underlying strength in AHG markets



Source: AON Martec



Record levels of employment have kept consumer demand at high levels

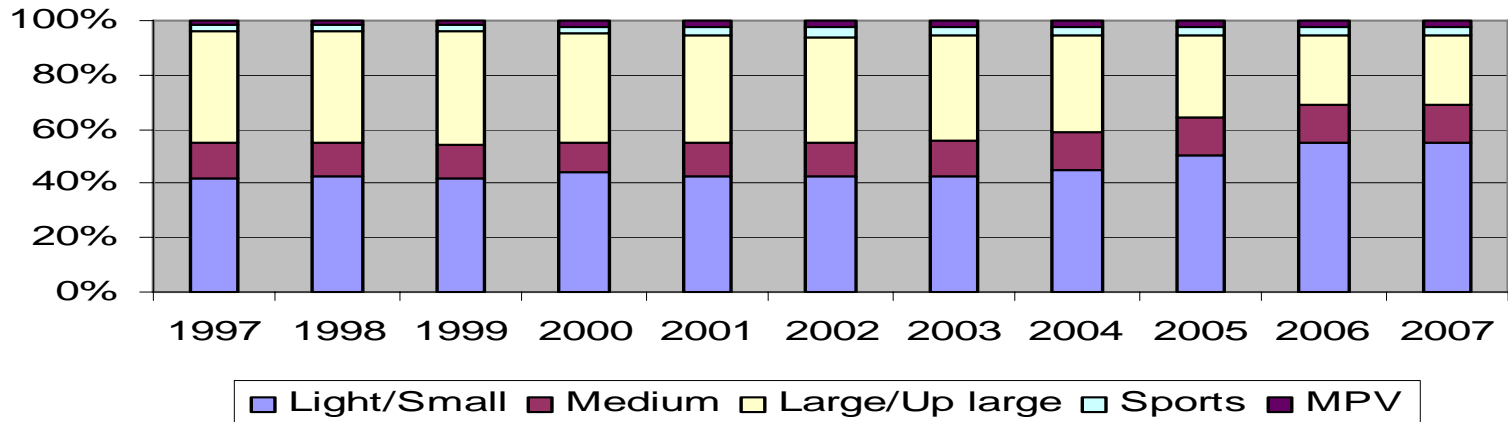
Households devote approx. 4% of their expenditure on a vehicle purchase and approx. 5.5% p.a. on motor vehicle operation (7.5% in 70s and 80s)





# Customer Preferences

## Passenger Vehicle Mix



## 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

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

Manufacturer	% National Market share 2007	AHG number of franchises <sup>1</sup>					
		Total	WA	NSW	QLD	VIC	NZ
1. Toyota	22.5%	4	3	1	-	-	-
2. Holden	14.0%	10	2	4	4	-	-
3. Ford	10.3%	8	5	-	-	-	3
4. Mazda	7.4%	6	-	2	-	-	4
5. Mitsubishi	6.2%	11	3	2	6	-	-
6. Honda	5.8%	-	-	-	-	-	-
7. Nissan	5.7%	7	4	2	1	-	-
8. Hyundai	4.2%	3	2	-	1	-	-
9. Subaru	3.7%	6	2	1	3	-	-
10. VW	2.6%	3	1	2	-	-	-
Other Vehicles		28	10	3	15	-	-
Other Trucks		15	8	-	6	1	-
<b>TOTAL</b>		<b>101</b>	<b>40</b>	<b>17</b>	<b>36</b>	<b>1</b>	<b>7</b>

<sup>1</sup> Individual franchise agreements. Multiple franchises at many sites.  
Source: VFACTS ACT Report Federal Chamber of Auto Industries December 2007



# 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





# 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 vigorously pursued
- Continued strong performance for FY08



# Summary

- Record interim profit, with growth in all segments and divisions
- Buoyant market conditions indicate record second half
- Growth opportunities, organic and acquisitive

