

**ASX/MEDIA STATEMENT**  
**14 February 2019**

**AHG ANNOUNCES NON-CASH IMPAIRMENT AND UNUSUAL ITEMS**

Automotive Holdings Group Limited (ASX: AHG) expects to recognise a non-cash impairment of approximately \$226-million in its half-year results to be announced on Friday 22 February.

The impairment charges, identified as part of the ongoing half-year audit review process, relate to the Company's Franchised Automotive (\$147m) and Refrigerated Logistics (\$79m) business units and reflect a more conservative view of the balance sheet given current market conditions.

The write-down in the Franchised Automotive business follows a review focused on the carrying value of the Company's automotive retail franchises, goodwill and intangibles. It reflects the soft market conditions across the automotive retail sector and also relates specifically to some underperforming brands and locations.

"The combined effects of regulatory changes to automotive finance and insurance, the negative wealth sentiment in property prices, particularly in Sydney and Melbourne, and the increased and wider tightening of lending practices have all affected the automotive sector," said AHG managing director John McConnell.

"A number of acquisitions and investment decisions made in the last decade reflected where the market was at the time. In the current market a number of these investments are not delivering the earnings required to support the carrying value. We are writing these investments back to market and focusing on getting the dealership business match-fit for when the market cycle inevitably turns."

In response to the current market conditions, particularly for underperforming brands and locations, AHG has moved to restructure or close several sites, along with other corporate initiatives. This will lead to unusual items of \$38-million being recorded in the half-year results.

As part of the audit review process, the Board has also decided to make a non-cash adjustment to the carrying value of the Refrigerated Logistics division.

"The transformation program to combine the four brands as a single national operating unit is now complete and the Refrigerated Logistics management team is delivering an improved performance and has a strong business development pipeline," said Mr McConnell.

"The underlying fundamentals of the RL business are in line with the previous half-year and the outlook remains positive," said Mr McConnell. "This impairment reflects a mechanical assessment of the carrying values of the intangible assets in accordance with the relevant accounting standards."

Unaudited half-year Operating NPAT, which excludes the anticipated non-cash impairments and unusual items, is in line with AHG's internal expectations for the half-year. AHG will host a conference call for shareholders and investors to discuss the results following announcement on Friday 22 February.

ENDS

**About AHG** Automotive Holdings Group Limited (ASX: AHG) 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 include AHG Refrigerated Logistics (transport and cold storage), AMCAP (motor parts and industrial supplies distribution), VSE (vehicle storage and engineering), Genuine Truck Bodies (body building services to the truck industry), and KTM Sportmotorcycles and HQVA (KTM and Husqvarna motorcycle importation and distribution in Australia and New Zealand).

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