



## AUTOMOTIVE HOLDINGS GROUP

Automotive Holdings Group Limited  
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### AHG DELIVERS RECORD OPERATING PROFIT AND INCREASED FULL-YEAR DIVIDEND

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#### HIGHLIGHTS

- Group revenue of \$4.7 billion (up 9.8% pcp)
- IFRS Statutory Profit before tax \$106.2 million (up 10.3% pcp)
- IFRS Statutory Profit after tax \$72.9 million (up 12.5% pcp)
- Record Operating<sup>1</sup> Profit before tax \$117.5 million (up 12.4% pcp)
- Record Operating<sup>1</sup> Profit after tax \$78.5 million (up 11.0% pcp)
- Operating<sup>1</sup> EPS of 29.0 cents (27.1 cents pcp)
- Final dividend of 12.5 cents per share; full year dividend 21 cents fully franked (20 cents pcp)
- Acquisitions completed in FY2014 – Jason Mazda (WA), Davie Motors (NZ), Scott's Refrigerated Freightways & JAT Refrigerated Road Services, Husqvarna motorcycle distribution (HQVA Australia/NZ)
- Record performance by Automotive division
- Successful completion of capital raising and Share Purchase Plan

Automotive Holdings Group Limited (ASX: AHE) reports record revenue and profit for the 2014 Financial Year and declares a final dividend of 12.5 cents fully franked.

The Group's IFRS Statutory NPAT was \$72.9 million, up \$8.1 million on the previous corresponding period. The Group recorded revenue of \$4.7 billion, an increase of 9.8% on the previous year.

The Company, Australia's largest automotive retailer and specialist logistics group, recorded an Operating<sup>1</sup> EBITDA of \$178.6 million, an increase of 10.5% (pcp) and Operating<sup>1</sup> NPAT of \$78.5 million, up 11.0% (pcp).

Operating<sup>1</sup> Earnings per Share were 29.0 cents (27.1 cents pcp) and the directors have declared a final dividend of 12.5 cents per share, taking the full year dividend to 21 cents fully franked (20 cents pcp).

AHG Managing Director Bronte Howson said the result was in line with expectations despite seasonal challenges in Refrigerated Logistics and the slowdown in automotive retailing caused by reduced activity in the mining and resources sectors in Western Australia.

"Once again we've benefitted from strong performances from our established automotive dealerships while successfully integrating acquisitions and developing additional Greenfield sites, all of which provide significant future upside," Mr Howson said.



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“The Refrigerated Logistics result reflects the impacts of disruption caused by flooding in NSW and Queensland and droughts in the Riverina, and more than \$2 million in one-off start-up costs associated with new cold stores in Perth and Adelaide,” he said.

“Those investments and our recent acquisitions provide a solid base for sustainable growth in shareholder returns in future years.”

Mr Howson said the performance of Other Logistics was in line with expectations, with a 10.6% lift in revenues.

“The trading result combined with the Group’s strong financial position enables us to deliver a full year fully franked dividend of 21 cents on the expanded capital base and continue to assess growth opportunities that will deliver future value for shareholders,” Mr Howson said.

“It was especially pleasing during the year to receive very strong institutional and shareholder support for the Group’s capital raising and share placement to support the acquisitions of Scott’s, JAT and Bradstreet.”

Both the placement and the SPP closed oversubscribed, raising ~\$145 million.

### Automotive

Revenue from the Automotive Retail division was up 9.7% to \$3.883 billion (\$3.541 billion pcp).

Operating<sup>1</sup> EBITDA margin improved to 3.4% (3.3% pcp), which delivered an Operating<sup>1</sup> EBITDA of \$132.5 million (\$116.7 million pcp), an increase of 13.6% on the prior year.

Mr Howson said AHG had clearly outperformed the broader market.

“While the Australian new car market slowed during FY2014, AHG recorded increased sales with strong performances in used vehicles, finance, insurance, service and parts. These multiple revenue streams and efficiencies of scale underpin our operating model,” he said.

The contribution from the Group’s acquisitions was especially pleasing and reinforces the value of the investments the Company has made.

“The Group’s New Zealand automotive operations also performed well. The acquisition of Davie Motors Holden and the development of Manukau Nissan contributed strongly to the outcome.”

“The Group continues to focus on consolidating its acquisitions and Greenfield investments in the knowledge that, under our operating model, the dealerships will provide sustained strong contributions to AHG’s future performance.”



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### Refrigerated Logistics

AHG's Refrigerated Logistics division contributed revenues of \$429.7 million (\$390.0 million pcp), an increase of 10.2% and Operating<sup>1</sup> EBITDA of \$29.7 million (\$31.9 million pcp).

In May 2014 AHG completed the acquisition of Scott's Refrigerated Freightways and JAT Refrigerated Road Services, which will significantly enhance the Group's Refrigerated Logistics division and deliver increased revenues and cost and operating synergies to the Group.

The full year result was impacted by significant investment in new facilities in the first half of FY2014 and relatively weak volumes in the second half of the year.

The Scott's and JAT business units provided strong performances in the two months post acquisition and the Group is confident the synergies available from the combined operations of Rand, Harris, SRF and JAT will deliver enduring value for shareholders.

### Other Logistics

The Group's Other Logistics division increased revenues by 10.6% to \$421.4 million (\$381.1 million pcp), contributing Operating<sup>1</sup> EBITDA of \$17.1 million (\$15.0 million pcp), an increase of 13.9%. Operating<sup>1</sup> EBITDA margin was 4.1% (3.9% pcp).

AMCAP and Cova performed in line with expectations.

KTM performed strongly, delivering record sales. The brand's on-road models recorded 109% growth, year-on-year for the six months to the end of June. Across all models KTM recorded growth of 12.7% compared with the same period last year.

In January 2014 AHG acquired the rights to distribute Husqvarna motorcycles across Australia and New Zealand.

Mr Howson said the strategic acquisition complements the Group's KTM brand, with Husqvarna highly regarded as one of the oldest recognised brands in world motorsport.

"We excited to have the Husqvarna product range and we look forward to Husqvarna contributing strongly to our business," he said.



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### Outlook

AHG is well placed to continue to deliver strong returns from its strategic investments in Automotive and Logistics.

The Group has a strong balance sheet, an industry-leading automotive retail management model and scale, a broad portfolio of brands, and enduring long-term relationships with manufacturers.

AHG expects to complete the acquisition of the Bradstreet Group in the Newcastle region of NSW in the next week, adding 13 franchises and seven dealership locations.

Mr Howson expects the acquisitions of Scott's, JAT and Bradstreet to add approximately \$600 million to Group revenues in FY2015.

"The automotive industry remains relatively strong. Even with the slight weakening in new vehicle sales, the FCAI's national VFACTS forecast for CY2014 would still represent the second highest annual total of new vehicle registrations," Mr Howson said.

"And we remain very confident in our Refrigerated Logistics strategy following the acquisition of Scott's and JAT," he said.

"We see continued demand from our clients for our fully integrated service offerings in temperature controlled transport and storage, allowing us to benefit from the recent acquisitions, continue our investment in facilities and leverage the identified synergies and the resulting significant economies of scale.

AHG's balance sheet remains strong, with capacity to support the Group's core strategy of delivering long term stable earnings through organic growth, Greenfield development and strategic acquisitions in Automotive and Logistics.

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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, Harris Refrigerated Transport, Scott's Refrigerated Freightways and JAT Refrigerated Road Services (transport and cold storage), AMCAP and Covs (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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